



THE PRESIDENT HAS SEEN 12/17/94

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 14, 1994

94 DEC 14 P7:56

MEMORANDUM FOR THE PRESIDENT

FROM: Alice M. Rivlin *AMR*

SUBJECT: Decisions on three outstanding spending reduction proposals

Following up on today's meetings, we need your decisions on the following three potential spending reduction proposals:

- Privatizing several Power Marketing Administrations
- Increasing federal employee contributions to their pension systems
- Reducing Agriculture spending by \$5 billion over the next five years

Outlined below are brief descriptions of each proposal, arguments for and against proceeding with them, and decision boxes.

PRIVATIZE POWER MARKETING ADMINISTRATIONS

This accepts Rep. Kasich's "Republican Budget Initiative" recommendation -- which argued that "since producing electricity should be a commercial, not a governmental activity...an orderly process [should] be developed to divest the government of the remaining PMAs." The four remaining PMAs (the Alaska Power sale is already in the baseline), Southeastern, Southwestern, Western, and Bonneville Power, would be privatized over the next five years. The privatization process will likely be phased in with limits on rate increases so that Bonneville's rates would only increase by 7 percent, and the other PMA's rates would only close half the gap between their current low, subsidized rates and market rates. The specific privatization plans would be developed over several years with Congress and the affected communities, states, and industries.

Pros:

- This is the centerpiece of the restructuring of the Department of Energy and provides \$12.1 billion of savings
- Gets the government out of an essentially commercial activity, the marketing of electric power
- Preserves federal ownership of the dams and federal control over the management of the rivers and fisheries

Cons:

- Some Members of Congress, such as Senator Mark Hatfield, are opposed because they believe privatization would lead to increased rates -- however, Bonneville's rates would only increase 7 percent, because their current rates are already 93 percent of the market rate. Other PMA rates are lower than market because of the government's historical borrowing rates.
- Key industries claim that significant economic dislocation could result in sectors such as aluminum mills in the Northwest if rates increase significantly

Decision:

Yes, proceed with proposal _____

No _____

Let's discuss further _____

INCREASE CSRS AND FERS EMPLOYEE CONTRIBUTIONS BY ONE PERCENT

Federal employees are in one of the two retirement systems: CSRS (which covers employees who began Federal service before 1984) and FERS (a new program for employees who began Federal service after 1984). Employees in both CSRS and FERS currently contribute 7 percent of their pay to retirement, but the cost of both systems is approximately 25 percent of payroll. This proposal would increase the employees share of the cost by 1 percent beginning in January 1996.

Pros:

- Would have employees pay a larger portion of the cost of their pension.
- Would treat CSRS and FERS the same, thus maintaining the "balance" between the systems.
- Would affect current employees, those best able to respond to the change, not current retirees.
- Could encourage near-term retirements, thus aiding downsizing.
- By reducing necessary agency contributions to FERS, proposal would free up discretionary resources of \$380 million in 1996 and \$500 to \$600 million each year thereafter.

Cons:

- Could be seen as unfair to civilians if not done in conjunction with a comparable military proposal. (Military members do not contribute to their retirement.)

- Would be opposed by public employees unions who have been supportive of government restructuring

Decision:

Yes, proceed with proposal

No

Let's discuss further

REFORM AGRICULTURE PROGRAMS

The federal government will continue phasing down subsidies for major crops and price-support programs. A "placeholder" amounting to \$5 billion over five years is included in the materials, representing a 16 percent cut in farm subsidies over the next five years. The specific policy position will be decided during the Administration's on-going policy development for the 1995 Farm Bill. These savings would be achieved through reform and better targeting of agricultural income- and price-support programs.

Pros:

- Recognizes that programmatic reforms and reduced spending are already expected in the 1995 Farm Bill
- Farmers will contribute to the overall reduction in federal spending, in concert with the cuts in other program areas
- This is consistent with stronger support of free trade, both domestically and internationally

Cons:

- This level of cuts may be interpreted by some as violating the spirit of the Administration's commitments made in connection with the GATT agreement not to single out agriculture for budget cuts
- A 16 percent cut may be steeper than other special interest sectors will experience

Decision:

Yes, proceed with proposal

No

Let's discuss further

cc: Leon Panetta
Robert Rubin
Pat Griffin

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

12 16 94

94 DEC 15 A 9 : 47

DECEMBER 14, 1994

RECOMMENDED TELEPHONE CALL

TO:

Senator Daniel Patrick Moynihan

DATE:

As Soon As Possible

RECOMMENDED BY:

Patrick J. Griffin
Carol Rasco

PURPOSE:

To ask Senator Moynihan to participate fully in the Bipartisan Conference on Welfare Reform you are convening on January 13th and 14th.

BACKGROUND:

There is no issue that has been more important to Senator Moynihan during the past several years than welfare reform and the related topic of illegitimate births. The last serious effort at welfare reform was the Family Support Act of 1988, which you worked closely with him on while you were Governor.

TOPICS OF DISCUSSION:

1. Emphasize to the Senator that you view his participation in this conference as critical to it's success.
2. Inform him that the purpose of this session is to establish a dialogue that is thematic in nature and will set the parameters for what can be accomplished in the 104th Congress. You do not expect that this session will address issues like financing. It is intended to bring together the interested parties and determine where the common ground exists.
3. To make a personal appeal to Senator Moynihan to work with you on this issue. To demonstrate that it is as important to you as it is to him.

CONTACT PERSON AND
TELEPHONE NUMBER(S):

White House Signal

DATE OF SUBMISSION:

December 14th, 1994

ACTION: _____

THE WHITE HOUSE
THE PRESIDENT HAS SEEN
12-10-94

I sent Bruce a
memo on this —
We need to act
before it's too late.

JS

Leon

I'd like to do this
It's not much \$
+ it means something
to me —

Boc

PUBLIC STRATEGIES WASHINGTON, Inc.**Facsimile Cover Sheet**

Please deliver the following pages to:

Name: Marsha Scott
Company: _____
Fax Number: 456-5558
From: Lee Williams
Date: 12/14/94

We are transmitting a total of 2 pages including this cover sheet. If you do not receive all the pages, please call us at (202) 783-2596. Our fax number is (202) 628-5379.

Marsha

The President needs to know
about this, before it is a
"done deed".

Lee

I hear by the
grape vine that the
cutting shears are
honed!

PUBLIC STRATEGIES WASHINGTON, Inc.

December 14, 1994

LEE WILLIAMS

Memorandum

To: Marsha Scott
From: Lee Williams
Subj: Fulbright Program Budgets

So far as I am informed, USIA and OMB are still discussing the FY 96 budget for the Fulbright Program, along with other Agency programs and budgets. I'm told the situation is still very fluid.

These are the budget levels for the Fulbright Program in recent years.

FY 93
\$133 Million

FY 94
\$139 Million

FY 95
\$134 Million

Congressional funding for the Fulbright program since 1946 has been nearly \$1.8 billion (almost fifty years and over 200,000 grants), the same as the cost of one B-2 Bomber. Thanks to the success of the program, 42 foreign governments now provide financial support as well. In 1993, this support came to over \$22 million.

After several years of moderate increases, Congress cut USIA's FY 95 allocation for Fulbright and other exchanges by \$4.5 million. In honor of the 50th anniversary of the Fulbright Program in 1996, USIA proposed to restore the cut and add a substantial enhancement for exchanges in FY 96. Any Agency budget cut would impact heavily on the Fulbright Program.

You and I know, personally, of the President's strong belief in the value of the Fulbright program. It has probably provided more real value to the U.S., dollar for dollar, than any other international effort we have ever undertaken. These early budget formulations rarely come to the attention of the President until after the fact. I hope you will have an opportunity to inform the President about Fulbright before the budget is set in concrete. If he lets Alice Rivlin know of his interest it may save the program!

The Willard, 1455 Pennsylvania Avenue, N.W., Washington, D.C. 20004 (202) 783-2596

THE WHITE HOUSE
WASHINGTON

✓
Call letters
to the letter
N: 2004

Ill-
Om

December 15, 1994

Dona O'Bannon
O'Bannon and Company
Suite 1170
1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Dona:

Thanks for your letter of December 12 and for your insight into the mid-term elections. I think we have to remind ourselves that this is no ordinary time. We have a lot of work to do in the months to come, and I really appreciate your thoughtful suggestions of things we should change.

I thought you might enjoy having a transcript of my recent remarks to the Democratic Leadership Council, so I've enclosed one for you.

Thanks for your kind words, too, about Hillary. We appreciate your encouragement and support, and we hope you have a wonderful holiday season.

Sincerely, .

B. M. Clinton

Good advice
Thank-

O'BANNON & COMPANY
Suite 1170
The Willard Office Building
1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

202/628-0883
Facsimile

202/628-5900
Telephone

December 12, 1994

The Honorable William Jefferson Clinton
President of the United States of America
The White House
Washington, D. C. 20500-2000

Dear Mr. President:

The November elections were shocking, but nothing we cannot handle, I believe.

I believe that if the Republicans pass much of the legislation they are suggesting, the middle and lower class citizens will be so outraged, I think they will be ready to vote in 1996 -- and to vote for you.

I still don't see a serious Republican challenger for you. The new "lights" in the Republican Party don't have the exposure or finances to challenge the regular Republican candidates such as Dole, Kemp, Quayle, etc.

My recommendations to you are the following:

1. [Change some of the White House Staff and make the staff more responsive and polite to callers. Although I do not have any problem with age, I am still amazed at the lack of maturity some staffers have. This will enhance your image, as well.
2. Choose a Chairman of the DNC as quickly as possible, so rebuilding can begin there, too. The DNC staff is demoralized, but many there also lack maturity and judgment and have not responded to the Party regulars. One that has done an excellent job is the Speakers' Bureau, and I want to commend Jon-Christopher Bua to you. The same goes for Jack Rubin, who has done a wonderful job in identifying "new Democrats and bringing them and their money into the Party.
3. Have DNC and state parties focus attention on registering the "old" Democrats -- African Americans, Mexican-Americans, Pro-Choice

women, union workers. Even more important,. develop and implement a strategic plan to physically get the voters to the polls on the next election day. Too many seats on city councils, county commissions, state legislatures, etc. have become Republican. The same goes for any viable Democrats running for mayor or governor.

I have ambivalent feelings about Marion Barry in the District of Columbia, but at least he got new voters registered and got old and new voters alike TO THE POLLS to vote for him. I think we should follow his example in this one case.

4. On a different level, I think it time to stop seeing the President of the United States in his jogging shorts. Even though the exercise and public outreach must continue, perhaps the public jogging can stop for a while, so Americans can see their President as presidential all the time.

Of course, you know where my personal loyalties, and those of my family, lie. We are Clinton Democrats and proud of it. The November election reminded me of New Hampshire not so long ago. I thought you would be President then, and I think you can be President again in 1996. The hill may be steep, but so what!

My best to you wife and daughter. I think what Mrs. Clinton is doing is so helpful to the young women of this nation. They must continue to see strong role models, and Mrs. Clinton is one.

May you and your family have a very Merry Christmas and a Happy 1995.

Sincerely,



Dona O'Bannon

PUBLIC STRATEGIES WASHINGTON, Inc.

THE PRESIDENT HAS SEEN

12-16-94

LEE WILLIAMS

The President
The White House
Washington, D.C.

Dear Mr. President:

*Lee
Sgt. W. Williams
first job in DC in 1966
when he was son. Fulbright's Act*

November 30, 1994

When I wrote you last, after your first State of the Union address, it was because you gave me such great hope for the future of the country and for the future course of world events. Irrespective of the recent elections, that hope remains strong, and my belief in your ability to surmount those results and to continue to influence the course of history remains unshakeable.

Notwithstanding the pronouncements by many of the political pundits that the election results amounted to a referendum on the Clinton Presidency, the fact remains that Bill Clinton's name was not on a single ballot. Neither were the election results, by any stretch of the imagination, a rendering of an opinion by the voters on the issues comprising the Clinton agenda. Nor, for that matter, did they reflect a judgment on the accomplishments, or lack thereof, of the Clinton Administration.

To the contrary, these were mid-term Congressional elections (participated in by scanty more than a third of the eligible voters), and clearly were a referendum on Congress, its members, and on their refusal adequately to deal with the major concerns of the electorate. Certainly, one thing should be clear to all; the voters do not like gridlock, and gridlock is a creation and a tool of Congress, not the Executive. It is also clear that those who voted do not like bitter partisanship which inhibits the conduct of the business of government to the detriment of the people's agenda.

My view is that the election results have given you the opportunity to reflect on the past two years, to acknowledge that which may be wrong in your Administration and to make them right in short order. They also make it possible, and imperative that you reassess your relationship and modus operandi with the Congress and its new leadership. You now have the opportunity to start anew; to take the lead in demonstrating your eagerness and your intention to address the concerns of the people without political rancor and partisan rhetoric. In that respect, I do not believe the voters expect you to abandon your agenda or sublimate your political beliefs. They will understand honest differences of opinion on complex issues, and they will even accept the use of the veto based on appropriate, wise, and discriminate usage even though they may not like it. What they will no longer tolerate is Legislative stalemate or Executive inaction in dealing with their paramount concerns. Eventually, they punish at the polls those who they perceive are responsible for blocking sober and prompt consideration and disposition of those concerns.

As you know, for many years I served the Democratic leadership of the Senate and worked closely with the House leadership also, both Democrat and Republican. I believe there are good, honest, dedicated Republicans who love their country and are just as concerned about it as I am. We worked with them on this basis of respect, concern for their views, and a commonality of interest in the welfare of the republic. I think I know something about your ability to do the same and I hope you will go forth to the task as a "happy warrior." If you convey hope and optimism about the future of the country and by your actions assure that you intend to work with the new leadership to address our basic problems, I believe the people will respond.

From my first conversation with you, when you were in transition from boyhood to manhood, until this day, my confidence in your intellect, your dedication and commitment, and your steady progress to the assumption of great leadership has never wavered. Those qualities and your leadership have been sorely tested, and will continue to be in the days ahead. My own hopes

and the dreams of countless millions are riding with you. I truly believe you can prevail because it essential that you do.

Peace,

A handwritten signature in cursive script, appearing to read 'Lee Williams', written in dark ink.

Lee Williams

P.S. I enclose a copy of a letter I wrote Pat Griffin when he was appointed to your staff. Perhaps your Chief of Staff might consider some similar comments tailored to the White House Staff.

PUBLIC STRATEGIES WASHINGTON, Inc.

LEE WILLIAMS

December 21, 1993

Pat Griffin
Griffin Johnson & Associates
1211 Connecticut Avenue, NW #700
Washington, D.C. 20036

Dear Pat,

Congratulations on your appointment to what I consider to be the most important (and the toughest) job the President can entrust to one human being. The person who is the President's "Ambassador" to the Congress can, in my opinion, do more to help or to harm the legislative agenda than any one in the Administration except the Chief Executive and, perhaps, his Vice President.

I know that you know that. I also know that before you accepted the position you knew it was demanding, frustrating, terribly exhausting, and, to a large extent, thankless. So I'm reassured to see you move into this role as one who understands its dimensions as well as its demands. I have no doubt you have all the necessary requisites to do a superb job, and you know you have my best wishes, and my offer to help whenever, or in anyway I can.

I'm not in the business of offering unsolicited advise, but you know my interest in the success of this President is a bit more than academic and probably a bit more keen than the average American voter. Having known him for more than a quarter century I am convinced that he has the intellect, the experience, the ability, the motivation and the stamina to be the best President in my lifetime, including Roosevelt. So please excuse me if I suggest that were I in your shoes I would consider gathering together all those engaged in the Congressional Relations function, and stating something akin to the following:

1. We are privileged to be engaged in this endeavor and it is an honor for each of us to have been selected to represent the President of the United States before the Congress of the United States. Never forget that.

2. It is incumbent on each of us to refresh our recollection, as we take up our duties, about the basic document which is the charter by which all of us are governed. Let us each take time to re-read the Constitution of the United States.

3. Remember that we are the emissaries of a President whose whole life has been dedicated to serving his fellow human beings. This President loves people. His goal is to serve humanity. He demonstrates his care and concern for the less fortunate every day of his life. He does not hate, he is not vindictive and he is not given to invective. He governs by reason, persuasion, dialogue and discourse. He loves his friends, but does not hate his enemies. He believes even the worst of his opponents or enemies have redeeming qualities and are subject to reason, thus salvageable. And, he knows he is not infallible, but admits he is human, and as such, errs. He learns by his mistakes. He is positive by nature, and his commitment to his country and its future is paramount. We could each benefit by remembering these attributes of the man, and his agenda we have committed to further.

4. As we take up our roles in the second session of the 103 Congress, let us remember that it will be an indelible part of the history of the Nation. Further, let us remember that the members of this Congress, 100 Senators and 435 Representatives, Democrat and Republican, were elected by the people of the United States. They deserve our deepest respect. The members serve the same people we serve, but they were elected - we were not.

5. Always remember that the Members of Congress, and that includes the staff of the Members, are human beings and must be treated humanely. This office will be responsive to them by responding to their legitimate interests. And of extreme importance:

- A. Their phone calls will be returned promptly and courteously - all of them.
- B. Their letters or written requests will be responded to promptly and courteously - all of them.

To sum it up let us conduct our relationship with Congress the way President Clinton would if he were doing our job, that is with dispatch, with courtesy, with appropriate respect for the individuals and the institution, and always with the realization that the American people are our principals, and that we are representatives of the highest office in our land.

Good luck and best wishes.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lee".

Lee Williams



THE WHITE HOUSE

WASHINGTON

12-16-94

Dear Lee -

Thanks for your wonderful
letter - I will treasure it always
and work to be worthy of it -

Sincerely
Bin

Lee Williams
Public Strategies
Washington, D.C.
The Willard
1455 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Chir-

THE PRESIDENT HAS SEEN

12/17/94

THE WHITE HOUSE

WASHINGTON
December 15, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN

SUBJECT: Proposed Executive Order on Declassification

Attached is a decision memo from Tony Lake about a proposed Executive Order on classification that is nearly ready to be released for notice and comment. The proposed E.O. makes a number of progressive changes to the existing E.O., including a 25-year "drop dead" date for classified information.

There are two decision points: (1) what to do about judicial review; and (2) whether, once that issue is resolved, you approve releasing the proposed E.O. for notice and comment.

Judicial Review. The proposed E.O. includes a requirement that, in reviewing declassification requests, agencies balance the "public interest" in disclosure of information against possible harm to national security. **The question is whether this decision should be subject to judicial review.** The Carter-era E.O. included a balancing test and was silent on judicial review, but Justice argued in Carter-era cases that no judicial review was available to plaintiffs. The Reagan E.O. eliminated the balancing test altogether.

Opponents of judicial review -- including Tony, Ab Mikva and the Attorney General -- say it would (i) risk disclosure of national security information; (ii) shift responsibility for national security decisions from the President to the courts; (iii) increase litigation; (iv) undermine our ability to assert executive privilege over state secrets in non-FOIA cases.

Proponents -- including John Podesta, a FOIA specialist from his Hill days -- say (i) the public interest is an appropriate consideration in declassification decisions; (ii) the risk of disclosing truly sensitive documents is hypothetical at best, especially since courts routinely defer to the Executive Branch on such matters; (iii) tackling the publicly identified problem of the high cost of overclassification outweighs the hypothetical risk of court-ordered disclosure; (iv) since the current draft of the E.O. includes judicial review, deleting it will be seen as a retreat on one of the E.O.'s most significant reforms.

Judicial Review:

No judicial review	Judicial review	Discuss
1. Efficiency 2. Cost-effectiveness 3. Flexibility 4. Accountability 5. Transparency 6. Consistency 7. Speed 8. Reduced litigation 9. Clearer decision-making 10. Reduced bureaucracy	1. Protection of rights 2. Checks and balances 3. Prevention of abuse of power 4. Legal certainty 5. Accountability 6. Transparency 7. Consistency 8. Speed 9. Reduced litigation 10. Clearer decision-making	1. Efficiency 2. Cost-effectiveness 3. Flexibility 4. Accountability 5. Transparency 6. Consistency 7. Speed 8. Reduced litigation 9. Clearer decision-making 10. Reduced bureaucracy

Release draft E.O. for Notice and Comment

Approve _____ Disapprove _____ Discuss _____

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

12/17/94

9647

December 14, 1994

94 DEC 14 P1:43

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ANTHONY LAKE 

SUBJECT: Executive Order on Declassification

Purpose

To resolve an outstanding issue concerning the new classification Executive order and authorize its circulation for final comment.

Background

You directed the drafting of a new E.O. on classification to implement your commitment to open government. The drafting process has been prolonged, as we have striven to strike the right balance between openness concerns on the one hand and the need to protect appropriate information and agency resource constraints on the other. Subject to the issue below, which requires your decision, we believe the order is ready.

With your approval of the draft E.O., we would seek public comment through publication in the Federal Register and provide it to Congress. (This is consistent with the way the Carter and Reagan E.O.s on this subject were handled.) The E.O. will simultaneously be provided to agencies through OMB for final comment. After public, congressional and agency comments are in, the E.O. will be ready for your signature.

A summary of the draft E.O. is at Tab A; the text is at Tab B. It makes several progressive changes to the existing E.O.:

- automatically declassifies 25 year-old documents, subject to limited exceptions (e.g., reveal a human source; seriously impair foreign relations);
- adds enforcement mechanisms (e.g., requires agency Inspector Generals to review agency compliance with the E.O.), a significant omission in past E.O.s;
- eliminates all categories of presumptive classification;

- establishes a government-wide database of declassified documents;
- directs agencies to establish procedures for challenging classification decisions.

Each of these changes goes beyond not only the Reagan/Bush E.O., but also beyond President Carter's E.O., which you have said would be the baseline for your new E.O.

The most significant of these changes is the 25 year "drop dead" date for classified information. The draft E.O. gives agencies five years to clear the backlog of older documents, estimated at over one billion pages. Given the size of the backlog, cumulatively, agencies estimate clearing it will cost \$100 million per year for five years. OMB believes this expenditure (which needs to be balanced against an estimated \$16 billion spent annually to maintain classified information) can be absorbed.

Judicial Review

The issue requiring your decision is whether the E.O. should require agencies to balance the "public interest" in disclosure of information against the possible harm to national security from disclosure when reviewing declassification requests, and whether to permit the courts to review that balancing under the Freedom of Information Act.

The FOIA permits the withholding of properly classified information. In a FOIA lawsuit, the courts can review de novo whether particular information is properly classified. Thus, the declassification standard written into the E.O. will be subject to judicial review, unless the E.O. is drafted to explicitly preclude judicial review.

President Carter included a public interest balancing test to his E.O. but made it "discretionary and extraordinary" to avoid judicial review of it. Reagan removed the public interest balancing test completely.

The Attorney General argues that we should not insert any reference to public interest balancing in the E.O., even the caveated Carter formula. She believes that setting up the "public interest" and "national security" as competing interests establishes a false balancing and she is concerned that even the Carter formula will invite judicial review. (AG views at Tab C). However, she would accept the Carter approach as a fall-back.

The issue, therefore, is whether to add language to the E.O. to preclude judicial review of the balancing test. (The balancing test is section 3.2(b), at Tab C. The language which would be added to preclude judicial review of balancing is at Tab D.)

A. The Case Against Judicial Review.

Opponents accept inclusion of the public interest test, but not judicial review of it. They would propose a formula along the Carter lines, which makes clear public interest balancing is discretionary, exceptional and nonreviewable.

Opponents believe judicial review risks disclosure of national security information and dilutes your constitutional responsibility to protect such information. They acknowledge that courts have deferred to our national security determinations in the past but disagree that courts will continue to defer to agency classification decisions, once "public interest" is added as a factor. Ab Mikva presided over the Court of Appeals which oversaw most FOIA litigation. He (and the AG) believe that whereas judges accept that they have little expertise to second-guess "national security" determinations, many will feel better positioned than the Executive branch to weigh the "public interest" as a component of declassification decisions. (Justice and Ab agree that in extreme cases, we can protect sensitive information by submitting a Cabinet level affidavit, or asserting Presidential privilege. However, this is obviously not possible in routine FOIA cases. Moreover, they believe courts will read into our failure to present head of agency affidavits an invitation to second-guess our determinations.)

Opponents believe that judicial review shifts the responsibility for important national security decisions from the President to the courts and that this is not good policy. They argue the internal enforcement mechanisms proposed for the first time in this E.O. should be given a chance to operate before accepting the litigation burden and the disclosure risks. Moreover, the risks associated with inevitably increased litigation this would produce, while difficult to quantify in advance, would not be insubstantial.

Justice and Ab Mikva believe that accepting judicial review of a balancing test for FOIA purposes will undermine our ability to assert executive privilege over state secrets in non-FOIA settings (e.g., civil litigation.) In contrast to all other components of executive privilege that require balancing, the courts have to date accepted that "state secrets" is an absolute privilege. However, they may not continue to do so, if we accept that state secrets are to be balanced and reviewable under FOIA.

Opponents believe that even without judicial review, the draft E.O. easily meets your stated intention to go beyond the Carter order, given the inclusion of the elements listed on page 1. They also believe that if you go beyond Carter and include not only the public interest balancing test but also judicial review, the order will be attacked as insensitive to legitimate national security needs.

B. The Case for Judicial Review of "Public Interest" Balancing

Proponents argue that the "public interest" is an appropriate element of declassification decisions. They believe that the harm from disclosure of the information in many documents is small and uncertain and that when there is great public interest in the information, it should be released. They believe that adding the balancing test is one of the most important reforms in the E.O. and that writing it to avoid judicial review will be seen as a hollow gesture.

The proponents argue that judicial review is the only way to ensure this balancing provision is taken seriously by agencies. They believe that the prospect of court-ordered release of truly sensitive documents is extremely small. While courts will have a theoretical ability to review the balancing done by agencies, proponents believe the courts will continue to give great deference to agency decisions. (To support this, proponents note that courts have the ability to review classification decisions now, and yet no court order has been finally upheld forcing disclosure of information the Executive branch insisted remain classified.) However, they argue, the prospect of court review and the necessity of submitting a supportive affidavit will ensure that the balancing test is implemented seriously by agencies and will force agencies to deal with the pressing problem of over-classification with its attendant costs to the Government and government contractors.

Proponents acknowledge inclusion of a judicial review provision will increase litigation over classification issues. They believe this is a necessary and acceptable cost to force agencies to consider the public value of information before deciding whether to release information requested under the FOIA.

Finally, proponents note that the current draft E.O., which permits judicial review, has been made available to the public. Deleting it will be criticized by openness in government groups. While other elements of the proposed E.O. go beyond the Carter order, proponents believe judicial review of a balancing test would be viewed as the single most important advance.

"Significant Doubt"

The draft E.O. prohibits classification if there is "significant doubt" as to whether it should be classified. The pros and cons to accepting judicial review of this provision are basically the same as for "public interest" balancing.

RECOMMENDATION

1. That the E.O. be drafted to preclude judicial review of the "public interest" and "significant doubt" provisions. (Ab Mikva, Tony Lake, and the Attorney General support; John Podesta opposes.)

Approve _____

Disapprove _____

2. That you otherwise approve circulation of the draft E.O. for public, Congressional and final agency comment.

Approve _____

Disapprove _____

Attachments

Tab A Summary of E.O.

Tab B Text of E.O.

Tab C A.G.'s views

Tab D Text to Preclude Judicial Review

VOTERS AND THE ENVIRONMENT

I. Introduction

II. The Environmental Regulatory Structure Needs Reform.

III. Is Standing Up for the Environment a Positive? Yes, Because:

- A. Environment is a **VALUES** issue -- associated with God, family, future, and personal responsibility.
- B. We can choose **ISSUES** that score very highly with voters. Specifically, fighting for *safe drinking water*, to clean up *toxic dumps* and for *clean water* are very popular.

IV. Can Standing Up for the Environment help the President in 1996? Yes, because:

- A. The President's target states are the environmental states.
- B. It Appeals to **MAINSTREAM, SWING VOTERS**.
- C. It Helps **MOBILIZE THE BASE**.
- D. Democrats **OWN THIS ISSUE**

Holmes
Rys-
Strongman
B.

V. Conclusion: We Can Use Environment to our Advantage

Select a few environmental battles to define ourselves as the **defenders of mainstream values** (e.g., reform of government, safe tap water, or making big polluters pay for their mess) and them as the party that is proposing to compromise peoples' health. We will make it clear that we'll stand up to Congress and special interests to protect families' health and safety.

- A. Establish that we are making **reforms to make government smaller, cheaper, more effective and less intrusive**;
- B. make it clear that **the President will stand up for people's health**;
- C. and **define the GOP as the party that, through the Contract, is going to compromise ordinary citizens' health and way of life**.

In other words, **Reform Yes, Roll-Back No**

II. Winning message: Environment/Economy Go Together

A. The Environmental **Regulatory Structure Needs Reform.**

1. Federal/State relationship should be reevaluated.
2. Prescriptive, "One Size Fits All" regulations are too simplistic. Government should focus on goals and allow flexibility in achieving them.
3. Contradictory and confusing regulations and bureaucratic maze frustrate good-faith efforts to protect the environment.
4. Should eliminate unjustified impacts on small business, small landowners.
5. Vice President is promoting major **Reforms to Make System Work Better and Cost Less.**
6. We already have a good start: Clean Car, Climate Change Action Plan, Ecosystems Management, Wetlands Reforms, Common Sense Initiative

B. **People know economy/environment go together & they still want health and environmental protection**

1. 66-90% -- depending on how you phrase the question -- say that environmental protection is compatible with the economy. (Roper/Times Mirror or R/TM)
2. A majority of the people consistently say that environmental protection **CREATES** jobs. (Multiple)
3. 53% say environmental regulations have not gone far enough; only 16% say they have gone too far. The percentage saying it has not gone far enough is up 20% over the past twenty years.
 - a. Even though environmental laws have gotten stronger.
 - b. Even though skepticism of other regulation has increased.(R/TM)

III. Is Standing Up for the Environment a Positive? Yes, Because:

A. People See Environment as a **Values** Issue. We can use it to Demonstrate **Leadership** and speak to **Middle-class sensibilities**.

1. People see a link between their environmental beliefs and other fundamental values -- such as a **belief in God, family, personal responsibility**, and respect for the future.

When asked an open-ended question such as "why do you care about the environment," the response is likely to emphasize religious and ethical considerations more heavily than health, recreation, or other practical considerations. Key Values:

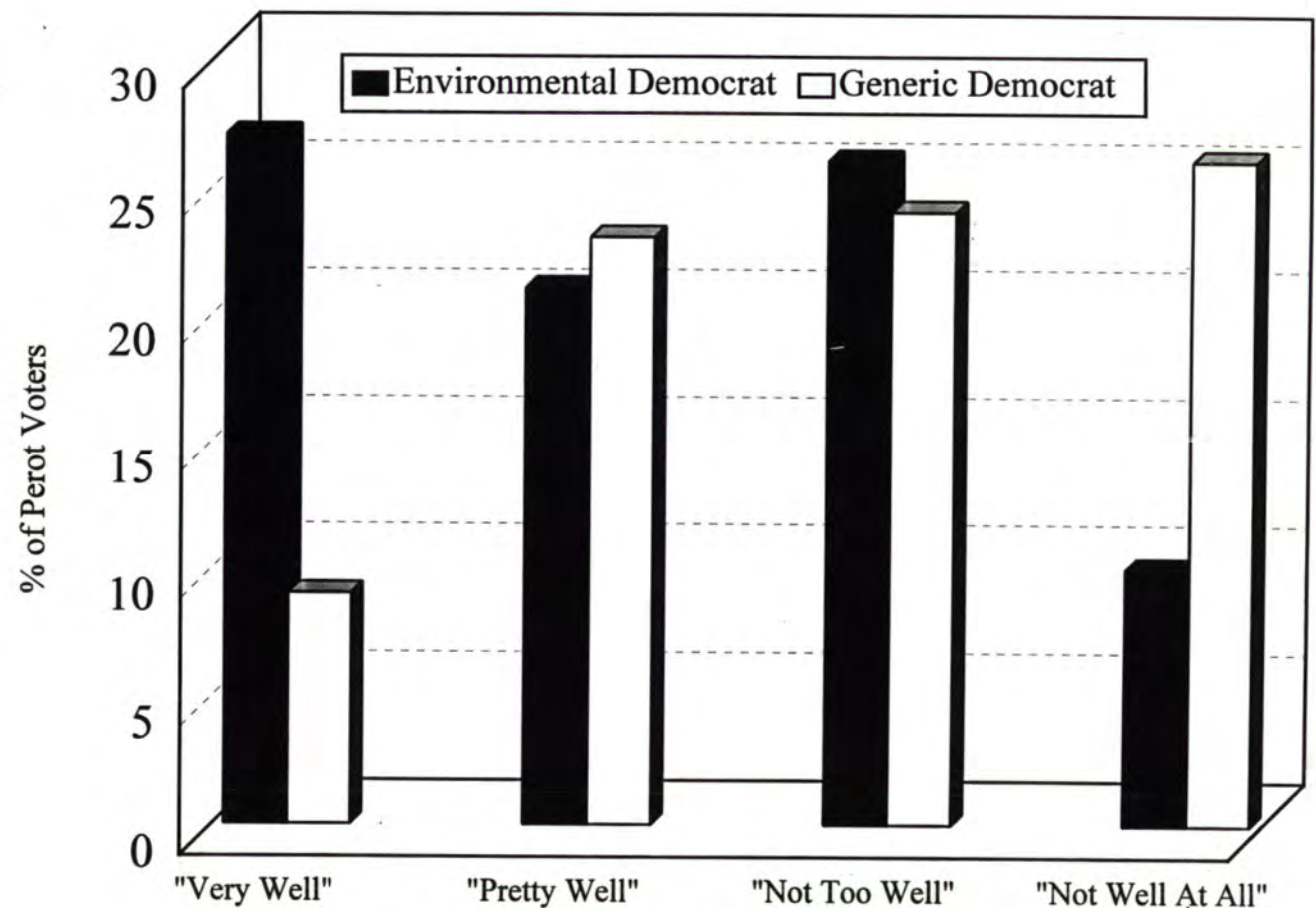
- a. Respect for GOD'S CREATION.
 - b. Providing a better life for one's CHILDREN AND DESCENDANTS.
2. An environmental stance increases voter agreement that a given candidate has **Honesty & Integrity**, and has a **Willingness to Stand Up for What He or She Believes**. (See Figure 1.)
 3. People **want the President to stand up to Congress** and fight for tougher environmental legislation, even if it means vetoing legislation (49% to 35%). However, they **believe the President will compromise** (58%) rather than stand up (25%). (Cosgrove.)
 4. Religious Beliefs Are **Not Just Abstract Principles**
 - a. The NATIONAL RELIGIOUS PARTNERSHIP FOR THE ENVIRONMENT -- combining the U.S. Catholic Conference, National Council of Churches of Christ, Evangelical Environmental Network and Coalition on Environment and Jewish Life -- together they represent 100 million Americans.
 - b. They've sent out education/action kits to 53,000 congregations.
 - c. The Partnership includes conservative groups: e.g., the Southern Baptist Convention published and distributed a book proclaiming a scripturally-based call to environmental stewardship. And the Catholic Bishops are sending kits to every parish in America for three years -- *the only precedent for this activism is abortion*. (Letter from Paul Gorman, Executive Director)

Figure 1

Perot Voters Care About The Environment

When Perot Voters Were Asked, How Well Does the Statement: "Is Honest & Has Integrity" Describe the Candidate...

- Activity on the environment has strong pull with Perot-types
- Overall, Democrats Receive a Much Greater Boost When Active on the Environment.
- A Generic GOP Beats a Generic Democrat, But When Both Are Active on the Environment, the Democrat Out-polls the GOP candidate.



B. Several Specific Issues Score Highly with Voters.

1. **Best Issues are those that relate to Health: Safe Drinking Water, Cleaning up Toxic Dumps, Clean Water** (Multiple: See figure 2)
2. Voters also appreciate the **populist approach** -- someone who will stand up for the little guy against corporate polluters. (Greenberg, also Lake)
3. Standing up to a roll-back is even more popular than increasing protections, although they continue to support stronger standards as well. (Lake, Greenberg)

Figure 2

Environmental Issues Score High With Voters

Relative Importance of Issues That Should Be on The Agenda for the 104th Congress

1. Toughening Criminal Sentencing
 2. Reducing the Deficit
Creating Jobs
Child Education
 5. Ensuring Safe Drinking Water
Crime Prevention
 7. Cleaning Toxic Waste Sites
Cleaning Water Pollution
Child Health
 10. Health Care Reform
 11. Reforming Campaign Finance
 12. Cleaning Up Air Pollution
 13. Protecting National Parks
 14. Protection for Endangered Species
 15. Eliminating Foreign Trade Restrictions
-

- UPSHOT:
- Voters Place Safe Drinking Water, Cleaning Toxic Waste, & Cleaning Water Pollution *Solidly in the Second Tier*
 - Perot Voters & Independents Rank These Issues At Least As High As the General Public

IV. Can Standing up for the Environment help the President in 1996? Yes, because:

A. **The President's target states are the environmental states.** Evidence suggests this issue was a positive in the '92 Campaign. For example, 22 of the 25 most environmentally-minded states went Clinton/Gore -- for a total of 284 electoral votes. We won only 10 of the remaining 25 states. (The ranking of environmental states is based on the congressional delegation's voting records).

B. It Appeals to **Mainstream America, Swing Voters.**

1. **Centrists care deeply about the environment:** The Roper/Times-Mirror survey of the American electorate says that pro-environment sympathies are as strong for centrist or swing voters as for voters strongly identified with Democrats. (Figure 3.) Specifically:

a. "New Economy Independents" (similar to Greenberg's under-50, less educated voters) these are the most important swing voters, most supportive of a third party, who are anti-government spending, but "strongly environmental."

b. "New Democrats" -- also a fast-growing, important swing group, these voters went for Bush in 88, Clinton in 92 and are pro-environment.

2. Put another way, environmental issues appear to appeal to young voters, middle-class moderates, voters under-50 without college education, women, suburban voters, hunters and fishers, and outdoor recreationists. Activists fit the young, affluent, educated liberal stereotype. (These categories compiled from Times-Mirror and from analysis by Lake and others.)

C. It is an issue that helps **Mobilize the Base.** Delivering the environmental vote is DIFFERENT THAN CATERING TO PROFESSIONAL ENVIRONMENTALISTS. However, activists CAN deliver the 3Ms -- Money, Manpower and Media.

1. **Money.** Although they didn't start until Labor Day, 1992 *Environmentalists for Clinton/Gore (EfCG)* raised \$2 million -- 4% of all soft money.

2. **Manpower.** In 92 Volunteers for EfCG were active in all 50 states, numbering in the thousands. They defended Clinton/Gore; distributed campaign material; & bashed Bush (Top Ten Bush Broken Promises, a Great Lakes scorecard distributed in 8 states, picked on Bush, Quayle, Reilly, Deland wherever they went).
3. **Media.**
 - a. As they demonstrated in 1992, activists can help **shape public opinion** when they are mobilized. Clinton/Gore **used environment to question Bush's character** -- e.g., C/G ran a TV ad with Sierra Club President saying Bush couldn't be trusted -- he broke every single one of his 1988 environmental campaign promises.
 - b. Rapid Response: EfCG and Sierra Club established a rapid response system in 30 states. Daily update went out to 200 EfCG and Sierra Club organizers with responses, message, schedules, etc.
 - c. Bush thought Gore "extremism" could be an asset ("ozone man") -- but that strategy was not successful and may have backfired -- they dropped that strategy toward the end. For example, Bush ran radio attack ads in 4 battleground states (WA, OR, MI, OH) saying our environmental policies would cost jobs. **When we didn't flinch and voters didn't respond, they dropped the ads; we ultimately won the states.**
4. Environmental activists *may* have somewhere else to go. For example, 1994 was the best year ever for the **Green Party**.
 - a. 5 statewide candidates won 10% or more of the vote (NM, AK) and several others received 5% or more of the vote (ME, RI, MT).
 - b. Many races were **decided by margins smaller than the number of votes the Green party candidate took**,
 - (1) NM Johnson beat King by 9% while Mondragon took 10%;
 - (2) AK Knowles barely edged Campbell while Sykes took 4%;
 - (3) In CA Senate Feinstein won by about the number of votes the Green candidate took.
 - c. Greens are **assured ballot status in AK, CA, ME, MO.**

D. Democrats OWN this issue -- if we do it right

1. Democrats OWN This Issue:

- a. When asked which party better protects the environment, **28% more voters choose Dems** than Republicans. (Roper/Times-Mirror or R/TM)
- b. Environment was **the only one of ten issues** in last week's CNN/USA Today/Gallup poll on which the voters felt Democrats could do a better job than the GOP.

2. Current media perception of Administration is not positive.

- a. The **conventional wisdom is that the President is not engaged on the environment**. For example, the last time the President made a general environmental addresses, the media started from a negative assumption:
 - (1) Headline: "President *Defends* Environmental Record"
Washington Post, Earth Day 94.
 - (2) Editorial Headline: "Environmental President? Not Yet"
Sunday NYT, 2/13/94
- b. Why? People mention lack of visibility, lack of clear positions, lack of good set-up and follow-through.

3. But Voters do NOT have a strong impression of the President on the Environment:

- a. Voters don't appear to know much about the President's environmental performance. They are **generally supportive** (slightly higher than his overall approval rankings in 93 and 94). They **do NOT have strong opinions** (nearly half of all Americans are in the "somewhat satisfied category" and 13% say "don't know"). (R/TM, also Cosgrove.)
- b. Voters DO feel that they care more about the environment than does the President. (Lake)

E. Summary:

1. Environmentalism is a widely shared VALUE associated with GOD, FAMILY, personal RESPONSIBILITY and working for the future.
2. Standing up for specific HEALTH issues such as Safe Drinking Water and cleaning up toxic dumps score well with voters.
3. MAINSTREAM, SWING VOTERS are attracted to standing up for the environment.
4. At the same time, standing up for the environment helps MOBILIZE THE BASE.
5. Unlike many values issues, it is ASSOCIATED WITH DEMOCRATS.
6. It is a good way to DEMONSTRATE LEADERSHIP and speak to MIDDLE-CLASS VALUES.
7. It ALLOWS THE PRESIDENT TO DO WHAT HE DOES BEST -- speak to middle-class values and appeal to peoples' hopes and better instincts, as opposed to cynical politicians who will mortgage the future for short-term political gain.

V. **Conclusion: We Can Use Environment to our Advantage.**

- A. Select a few environmental battles to define ourselves as the **defenders of mainstream values** (e.g., reform of government, safe tap water, and making big polluters pay for their mess) and define the GOP as the party that is proposing to compromise peoples' health. We will make it clear that we'll stand up to Congress and special interests to protect families' health and safety.

B. **Reform Yes, Roll-Back No:**

Focus on **reforms to make government smaller, cheaper, more effective and less intrusive;**

while **making it clear that the President will fight for public health;**

and **define the GOP as the party that, through the Contract, is going to compromise ordinary citizens' health and way of life.**

- C. **1995 will be the 25th Anniversary of the Modern Environmental Movement.** It will be the 25th anniversary of the first Earth Day and the passage of the first national environmental law and the first Clean Air Act, in addition to the creation of the EPA, NOAA, and CEQ. There will be **tremendous media coverage** that we can use to our advantage.

- D. **Presidential Message:** In January, the President delivers an address. It would be a thematic statement emphasizing values such as faith, family, responsibility and community that people associate with standing up for the environment, as well as the economy and health protection. It would tee up the following items:

1. **Reforms of Government to make it Work Better & Cost Less:**

After recounting the many actions we've already taken in this area, we announce a significant ramp-up with the VP at the helm. Direct the Cabinet secretaries to have their proposals in one month.

2. **Issue Congressional Challenge on Public Health Issues:** Challenge Congress to Pass Legislation, such as the unfinished SAFE DRINKING WATER AND SUPERFUND REFORMS. Demand that they work better AND cost less -- and tell them that we won't stand for one that compromises health and the environment.

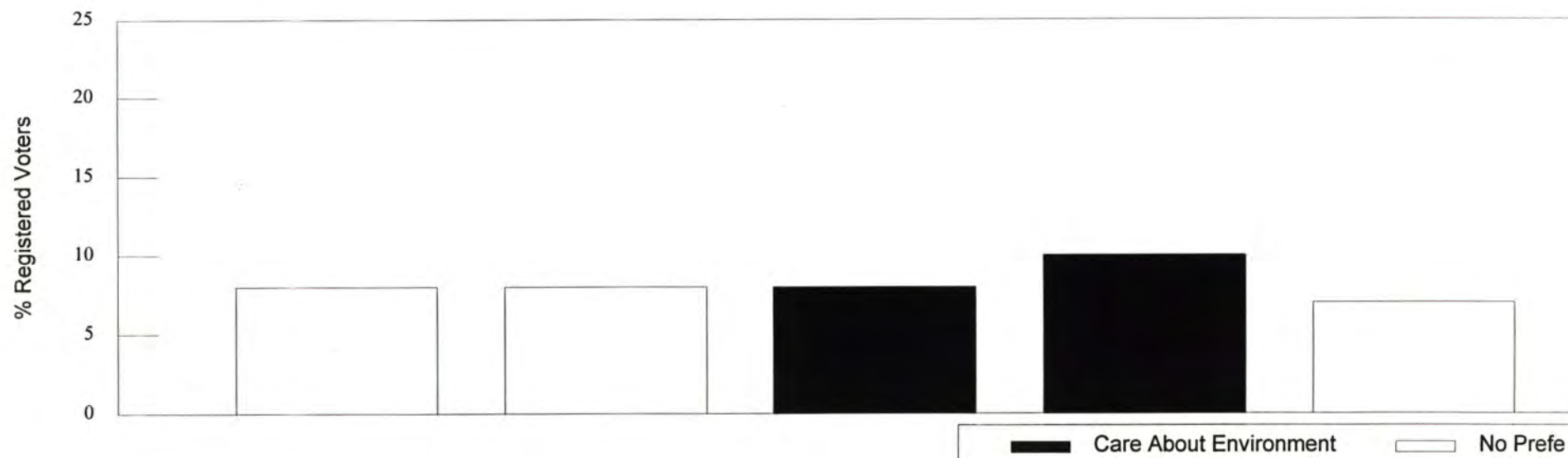
3. **Take Firm Administrative Action:** For example, put a stop to the MINE that is attempting to open a couple of miles outside the border of YELLOWSTONE NATIONAL PARK. Last year, special interests prevented us from reforming the Mining Law of 1872 to stop taxpayer rip-offs and protect water quality (mining reform polls high too -- a leaked industry poll shows 82% support strong reform).
- E. Presidential Message would be **coupled with the Vice President shining a bright light on the Contract** legislation, which would create a bureaucratic nightmare and compromise public health. The Vice President might be joined by key figures from the health and business community. **The message to attack the Contract.**
1. The TV Guide version sounds like mom and apple pie -- but the actual legislation *WILL NOT DO WHAT THEY SAY IT WILL DO*
 2. It's a *BIG GOVERNMENT SOLUTION* that will create a new, convoluted system of *lawyers, bureaucrats and accountants*
 3. People didn't give Congress a mandate to spend *MORE TAXPAYER MONEY* and create *new* layers of bureaucracy in order to get *LESS DONE* -- but that's what this bill does
 4. It will create a *LITIGATION EXPLOSION*
 5. It will *CRIPPLE ENFORCEMENT*
 6. It will *COMPROMISE PUBLIC HEALTH*
 7. *It rewards big businesses, mine operators and polluters who take advantage of the system and punishes people who work hard, pay their taxes and play by the rules*
- F. **In February, President, Vice President, and Cabinet roll out the reinvention of environmental policy.**
- G. Prepare **targeted 2-year political/communications strategies for pivotal states:** Identify 10-15 target states, identify the issues, identify the key people, roll-out outreach strategy (meetings, phone calls, scheduling). For instance, we would prepare a strategy for key western states (e.g., CO, MT, NM) define the issues that we want to play up (water, health, quality of life) and focus on key policy decisions that affect the region (e.g., 5 point plan for endangered species).

H. Control of the agenda and the message is critical:

1. We can define the agenda on health and middle-class populism -- (pollution is threatening our families' health and safety, we will stand up to companies that pollute our air and water and Republicans who want to let them).
2. If we don't:
 - a. GOP will take the initiative on popular health issues -- they're promising to move Superfund and Safe Drinking Water by June.
 - b. GOP will attempt to define us as over-regulating, insensitive to private property, counter-culture elitists on issues like endangered species.

	PARTISAN POOR	NEW DEALERS	NEW DEMOCRATS	SECULARS	EMBITTERED
% Registered Vote	8	8	8	10	7
Description	Disadvantaged group, 4 of 10 non-white, older and blue collar, who have been targets of social programs. Group most loyal to Clinton. Uneducated, ave. age 52.	Oldest Group, once key part of FDR's New Deal coalition, disapproving of Clinton. Somewhat conservative on social welfare programs and pro-military. 3/4ths have no college education.	Mostly female, middle-class moderates who voted for Bush in '88, Clinton in 92 -- but cool to Clinton as President. Average income and education, but feel low financial pressure.	Youngest group and the only one to embrace the "liberal" label. Voted for Dukakis in '88; many identify as independents. Mostly white, highly educated and affluent. Concentrated in cities & suburbs on East and West coast.	Poor, rural, many black women and men, with ties to Democrats. Lacks the Partisan Poor's faith in the party to better their lives. Middle aged, with family responsibilities. Tend to work at low-skill, low-wage jobs.
Preference toward Environment	No preference noted	No preference noted	"Environmental views"	"Strong commitment to environment"	No preference noted

Environmental Preference Identified in

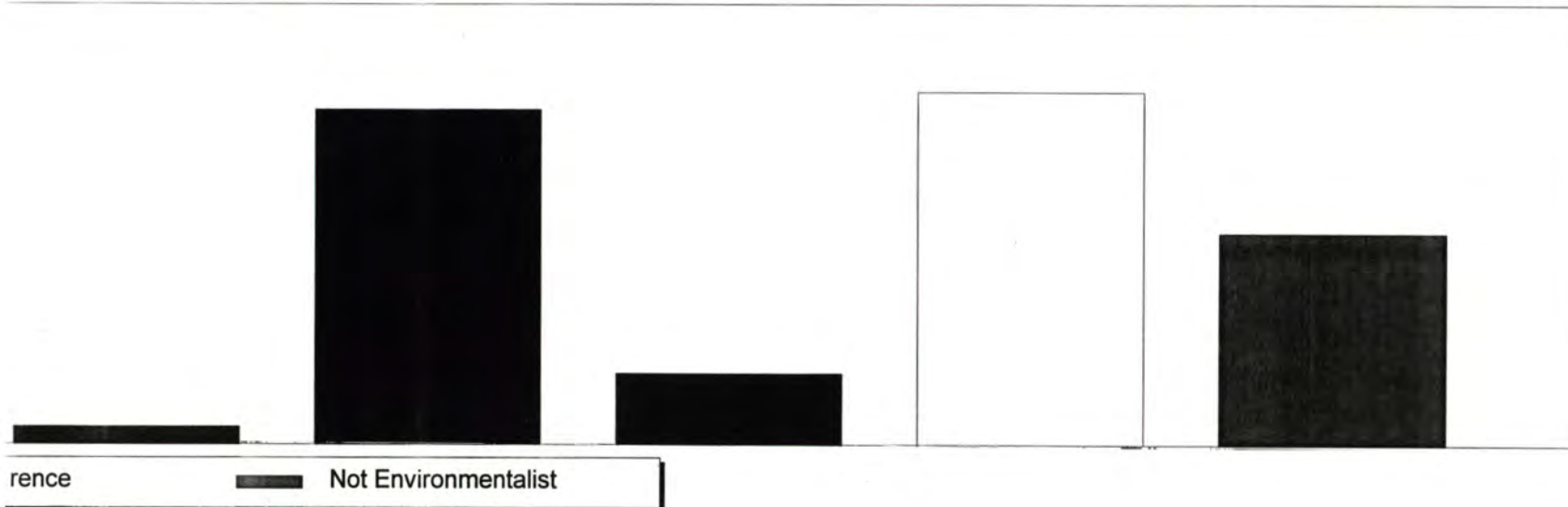


THE DETACHED CENTER

THE RIGHT

BYSTANDERS	NEW ECONOMY INDEPENDENT	LIBERTARIANS	MORALISTS	ENTERPRISERS
0	19	4	20	12
Asians, Hispanics and others who choose not to participate in the political system or are noncitizens and ineligible to do so. Extremely young (half under 30) least well-educated, poorest, and most financially pressured group.	Forty % male, all races, not anchored in any party, these are the important swing voters. Group most supportive of a third major party. Young to middle aged, employed, but financially pressured. Associated with fundamental religious beliefs.	Mostly male, Republican-leaning but turned off by religious right; many like Perot. Pro-business, anti-government, but highly tolerant. Affluent and financially secure. Numerous in suburbia and far West.	Fast-growing group has doubled since 1987 as cultural conservatives decamp Democratic Party. Religious, militaristic and xenophobic. Middle-aged & married w/ average income and education.	Mostly white, young men, fiercely partisan Republicans. Anti-government, pro-business, anti-social welfare. College educated and financially secure.
"Commitment to environmentalism"	"Strongly environmentalist"	"Moderately environmentalist"	No preference noted	"Not environmentalists"

Center Of Political Spectrum



LARAMIE FAITH McNAMARA

Dec. 1, 1994

John - 94 DEC 1 P2:12

It would be a great help if you could
get these pictures signed by the President.
Since these people were responsible for getting
Bank of America to release \$50. million for
CDFI (so the President could announce it
at the signing ceremony), something like
"With thanks for your assistance" would

OK to
AP Dorskind
per please
Laramie 12/1/94
12/2

SPECIAL SCHEDULING REQUESTS
HONORARY CHAIR, HONORARY PATRON, HONORARY MEMBERSHIP

Today's Date: October 26, 1994

94 NOV 30 P1: 21

Date of Request: 9/22/1994

Request for: POTUS/FLOTUS

Type of Request: Honorary Co-Chairs

Requestor Name: Ms. Carol Tucker Foreman

Title: Chair, Board of Directors

Organization: Food Research and Action Center
1875 Connecticut Avenue, N.W.
Suite 540
Washington, D.C. 20009

Contact Tel. #: 202/986-2200

Event Date: 6/07/1995

Event Description: 25th anniversary dinner

Notes: FRAC is an anti-hunger organization.
Proceeds from the dinner will go towards
FRAC's Campaign to End Childhood Hunger.
They are also requesting that VP and Mrs.
Gore serve as Honorary Chairs. Past honorees
of FRAC include Leon Panetta and Speaker Tom
Foley.

Recommendations:

MW _____

JP _____

EB _____

12.15.94

F·R·A·C

September 22, 1994



FOOD RESEARCH
& ACTION CENTER

President and Mrs. Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President and Mrs. Clinton:

In 1995, the Food Research and Action Center (FRAC) will mark its 25th year as one of the nation's most effective anti-hunger organizations. FRAC will celebrate this anniversary with a very special dinner on Wednesday, June 7, 1995 in Washington, D.C. We are writing to request that you serve as Honorary Co-Chairs of the event along with Vice President and Mrs. Gore.

We expect a large and diverse turn-out from Members of Congress, business, labor and non-profit leaders. FRAC will honor various individuals for their leadership in fighting hunger in this country. Among past FRAC honorees have been White House Chief of Staff Leon Panetta, Speaker of the House Tom Foley, Senators Jim Jeffords and Tom Harkin, and Representatives Kiki de la Garza and Eva Clayton.

America's food industry already is committed to supporting next year's dinner. Manly Molpus, CEO of the Grocery Manufacturers of America, and Timothy Hammonds, CEO of the Food Marketing Institute, have made generous financial contributions and will play key roles on the fund-raising committee.

The proceeds from the dinner will go towards FRAC's **Campaign to End Childhood Hunger**. The Campaign was launched in 1991 to educate the public on the extent of hunger and to strengthen national and local anti-hunger initiatives. The Campaign draws on participation by community-based organizations in nearly every state as well as over 120 national endorsers.

Your presence next June 7th would enrich the evening for all of us and would be a wonderful tribute to our honorees. We also want to use the evening as an opportunity to recognize your extraordinary leadership and commitment to improve the lives of our nation's children. We recognize that it may be impossible for you to agree to attend the dinner now, but we would be delighted if you could make the commitment to serve as Honorary Co-Chairs.

We would be happy to discuss the event in more detail with your staff. Thank you for considering our request.

Sincerely,

Carol Tucker Foreman
Chair, FRAC Board of Directors

Robert J. Fersh
Executive Director

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE STAFF SECRETARY

Fax Transmittal Sheet

94 DEC 14 9:35

TO: Linda Lader

Fax Number: 202 638-4141

Phone Number:

FROM: John Podesta

SUBJECT:
cc from the President

DATE: 12/14/94

NUMBER OF PAGES (including cover sheet): 5

MESSAGE:

If all pages are not received, please call 202/456-2702

The document accompanying this facsimile transmittal sheet is intended only for the use of the individual or entity to whom it is addressed. This message contains information which may be privileged, confidential or exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution, or the taking of any action in reliance on the contents of this communication is strictly prohibited.

THE WHITE HOUSE
WASHINGTON

Cellular *OK*
pm

December 14, 1994

Paul Root
1075 Phelps Circle
Arkadelphia, Arkansas 71923

Dear Paul:

I really enjoyed your letter of December 3 and having your thoughts on poverty, school prayer, the new Congress, and Southern Baptists. I love hearing from you and getting your perspective on what's happening in the country.

I'm also interested in your idea about a "High School Day at the White House." Maybe we'll be able to do something like that.

Hillary and I hope you, Mary, and your family have a wonderful Christmas. I hope to see you when you're here in February.

Sincerely,

Bar



OUACHITA
BAPTIST UNIVERSITY

December 3, 1994

Bill Clinton, President
The White House
Washington, D.C. 20000-2005

Dear Mr. President:

I am sorry to be so tardy in writing. I have waited for inspiration. After the election, you can see my problem.

I listened to the Governor of Michigan recently and also Senator Kessenbaum. They both want to turn the problem of welfare back to the states based on the assumption that all states will be fair, equitable and creative as they search for answers to the problems of the poor.

I was involved in the evaluations of the Emergency School Act in the 1970's. We found in school after school that money designated for the poor was being used in a general way to help the entire school. Many schools came up with creative programs that really did help the poor students but once the federal money was discontinued, these programs were discontinued. I never knew of a school that spent any extra local money on the kids with the greatest need. They problem of the poor could best be solved at the local level if we could agree on problem and if we could remain at they theory level. When we leave the level of theory and turn practical, we always get lost in the deserving poor/undeserving poor argument. I believe the federal level is the place to solve the problem simply because people working at this level are less apt to know someone who is going to abuse whatever program is decided upon.

It appears to me that there is a connection between our unwillingness to solve this problem in our area and the tremendous amount of money we have spent on missions in Africa. Southern Baptists have built schools, hospitals and churches all over the Third World. They have not been as aggressive in solving the race/equity problem at home.

It is easy to identify problems. Solutions come harder and require patience. You are doing great. The world peace problems you are working on now could make this world a better place for our grandchildren. The open trade agreements you are pushing could give us uninterrupted prosperity for the next several generations. Perhaps a period of uninterrupted prosperity would be the best

DEPARTMENT OF EDUCATION

answer to poverty. I know that hints at trickle-down economics. I understand you have perhaps won the GATT vote that's coming without agreeing to support a capital gains tax.

In light of the statements we have heard that people were unaware of your accomplishments of your first two years in office, I hope you can find opportunities to explain in detail how every new move of the Congress will affect us all in the long run. You may have to sign some "popular" bills passed by Congress that you do not approve. If that be true, help us all to understand the possible long-range effects. I understand that the Republicans have already backed off the prayer-in-school amendment. That is a problem that most people haven't had the reason or opportunity to study and thereby understand. If you ever see the opportunity to deal with that subject before the nation, you would help every school administrator in America. Every bootlegger in Arkansas believes we ought to have prayer in school. We are more multi-cultural and more multi-religious than we have been in the past but the truth is we previously just ignored the rights of those who disagreed with the majority in this area. Don't allow the Republicans to pass something to make legal a moment of silence which is already legal in most states and claim they have returned prayer to the public school.

I apologize for seeming to give you advice. I always know that whatever advice I have you have already heard from several sources and have it in your decision-making mix. I remain amazed at the breadth of your knowledge and always wonder "How did he know that?" when I hear you speak. I remember that in most briefing sessions on education in the Governor's office Ernst and I turned out to be the briefees instead of the briefors. I do not know the problems related to getting the message out. Do the networks give you time when you want to address the nation? Are they demanding in terms of time and subject matter? Your town meeting sessions are always enlightening. What the people need most is understanding of the few basic issues before Congress. My students know quite a bit about Bosnia and the problems in that area, but they are completely unaware of workfare. When they learn of this incidentally, they are apt to assign the credit for it to the Republicans.

I have been somewhat surprised in the last two weeks that people have stopped talking so negative about you. The Republican leadership may be very helpful in keeping you in office until the year 2000. The fact that Dole thinks you are doing O.K. in foreign policy must be a great comfort to you. The election reminded me so much of 1980 except for one thing. You are still in and you have two years to demonstrate your leadership. Isn't it interesting how the Republicans blamed the deficit on the Democratic Congress even though it was a Republican administration that prepared each budget? Now they can't pass anything to brag about for the next election unless you sign it. Confusion will abound. The person who can give the clearest explanation of where we are and where we need to go should win the next election. I am very comfortable with that thought.

I saw an interview this week about your latest dinner at the White House and they talked about what good hosts you and Hillary were and how many people you had entertained. I was really pleased to hear that. I am still interested in "High School Day at the White House". I hope that you can do something along that line some day. Mary, the kids and I want to help with registration, although I know that is much more complicated there.

I have discovered a left-wing religious group. I have been approached by several people who want you to know that all Southern Baptists are not against you. I always tell them to write you a letter of encouragement. I don't know what else to do. If you have a staff member with an idea, I would be pleased to work form here anyway I can.

I will re returning to Washington for the AACTE meeting in February. I will try to get in to say hello.

Thanks again for your good work.

Sincerely,

Paul Root

THE WHITE HOUSE
WASHINGTON

December 14, 1994

Gerald F. Posner
Posner, Posner, and Posner
712 Penobscot Building
Detroit, Michigan 48226

Dear Jerry:

Thanks for your letter of November 30. It was good to hear from you and to get an update on how you're doing. I really appreciate what you said about our loss of my mother and Hillary's father. It's been a difficult time, and we miss them a great deal.

Thanks, too, for your perspective and insight on the mid-term elections. I think we have to remind ourselves that this is no ordinary time. The American people are obviously frustrated with the pace of change and with the way Washington goes about its business. We have a lot of work to do in the months to come.

I also want you to know how much I appreciate what you said about the judicial appointments we've made and for letting me know of your interest in serving on the federal bench. I've taken the liberty of sharing your letter with Abner Mikva, Counsel to the President, for his consideration.

I'm pleased you and Eva were able to be here for the Inauguration, and I look forward to seeing you on December 16.

Sincerely,

Barack Obama

cc V Radd
cf - Wingard

247

POSNER, POSNER AND POSNER

ATTORNEYS AND COUNSELORS AT LAW

712 PENOBSCOT BUILDING

DETROIT, MICHIGAN 48226

(313) 965-7784

SAMUEL POSNER
ELIZABETH F. POSNER
GERALD F. POSNER

November 30, 1994

ROBERT L. FIX

President Bill Clinton
First Lady Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President and Mrs. Clinton:

(Yes, that does sound so terribly formal, but you've earned it, you deserve it, and, like it or not, you're stuck with the formalities for the rest of your lives.)

This letter is only almost two years late in coming. With the disbanding of our Yale Law School Graduates Committee after the inauguration, I had no idea where to send a letter so that it would actually get through to you, and figured that it would probably be rather fruitless to merely send it addressed to the White House where it would get lost with a million other letters. When I received your invitation for dinner on December 16, 1994 at the White House, and called in my R.S.V.P. to the Social Secretary, I was told that I could send a note via the White House Social Office. If you are reading this letter, the advice was obviously correct.

First to the most important thing. My heart goes out to both of you for the loss of a parent each of you has suffered. That's the rotten thing about reaching our age -- it means that our parents have reached a dangerous age. I, too, come from a close family, as you might imagine from the Posner, Posner and Posner, mother/father/son firm. I know how I felt when I almost lost my father in the summer of 1993. After finishing a trial, he wound up with six bypasses out of what seemed like nowhere. I was fortunate in that he recovered, but I know that I was an absolute wreck for almost having lost him. You were not so fortunate, and I can readily imagine what you went through and empathize deeply with you. I can only hope that there was some consolation in knowing that they lived to experience the greatest joy a person can have. In Yiddish the word is "kvell" and it describes a feeling which transcends "swelling with pride", the joy and pride of seeing your children's tremendous success and happiness.

Turning to lighter things, Eva and I were thrilled to attend the inauguration (I told you this letter was old) and the other inaugural events including the Monday night presidential dinner, the Yale reception, the Tuesday night gala, and the Arkansas ball where we did indeed have a ball. We were, of course, a bit disappointed when we found out that we had left D.C. too early, before calls had been made, and missed the get-together at the White House that Thursday night, but figured "such is life" and held out a slim hope of making it back at some point in the years to come. Needless to say, we were excited to receive your dinner invitation for December 16th and are looking forward to seeing you.

We have done what we can in our own small way to drum up support for your programs, beginning with your initial budget battle, by getting friends, relatives, acquaintances, and anyone willing to listen to contact their congressmen and voice their support. Whether it did any good in districts which were either heavily Democratic or Republican is difficult to say -- sometimes it appeared as if you were being fought more by your own party -- but we felt that we had to try and wanted to remain part of the process.

This last election was greatly distressing to us as I know it was to you. It was also distressing to our son who voted for the first time and spent a great deal of time working on the unsuccessful campaign of a young 1994 Yale graduate who was running as a Democrat and trying to unseat the Republican incumbent in a solidly Republican area. The Democrats in Michigan suffered losses as great as those in any state, and were particularly dragged down by the non-existent gubernatorial campaign of Howard Wolpe.

For the life of me I cannot understand why there appears to be so much anti-administration feeling and anger among the populace, though I do know that there is far too great of a Hard Copy/Inside Edition/60 Minutes mentality in this nation, a mentality which appears to be drawn toward scandal and to indiscriminately delight in failure, and which therefore appears to love the disgusting negative campaigning with which we have been faced. Perhaps there can be some solace, and a learning opportunity, in the numerous post-election interviews in which people said they were angry but could not give any specifics as to what they were angry about. Without knowing exactly what they want, they want it all right away, and now they are going to want it from the Republicans. Our strategy in the 1996 campaign, which must start immediately, must be twofold, to target the Republicans, who are now in charge of Congress, as being the obstructionists who have not given the American people what they wanted, and to continually stress all the accomplishments you have achieved since assuming the Presidency. You

have accomplished more, and have had more landmark legislation passed, in your first two years than any President in recent memory, except perhaps LBJ who had Congress in his pocket as he called back decades of favors. While we tried to stress the positive in this campaign, we were not successful in getting the message through, and the political brain-trust must find a different method and approach. Of course, we will be assisted if the economy continues to improve, if the extra police provided for in the crime bill get onto the streets and help with the crime problem, and if the deficit continues to shrink because of the measures you were tough enough to adopt, but we must still find a way to give the American people this message so continuously that it finally gets through to them and sinks in.

Speaking of your accomplishments, we lawyers especially appreciate what you have done to improve the federal judiciary and know that a President's legacy often lives longest in his judicial appointments. You have appointed two persons of impeccable credentials and merit to the Supreme Court, and you will hopefully have an opportunity in the future to fully shape the composition of the Supreme Court for decades to come.

On our local level, you have made some excellent appointments. We have known Paul Borman, who headed the Federal Appellate Defender's Office, for decades; his wife, incidentally, is the Head of my son's high school. Paul's intellect, knowledge, and temperament made him an excellent choice. No one could ever accuse Denise Page Hood's appointment of being merely a politically correct one. Through her ascent to state judgeships in three different courts, and we have tried numerous cases in front of her, she showed herself to be bright, dedicated, hard working, and caring, and fully deserving of her appointment to the federal bench. As to the third appointment, John O'Meara, I must confess an unusual ignorance. I know nothing of him except that he was a big firm lawyer and supposedly a big money raiser as well, but I am certainly hoping for the best.

Sure, I'd love the opportunity to show what I could do, and to prove that one can be a superb judge without being infected with the arrogance and egotism that all too often has swept through the federal judiciary like a plague. But I am also a realist, and know that as long as the political realities are such that senators jealously guard their prerogative to suggest judicial nominations to the President, my dream is destined to remain a dream. Far be it for some vital national legislation to be jeopardized because a senator is peeved at having his prerogative usurped. Not only am I certainly not that important, but I could never put a friend in an awkward position. While I'm sure that

Page 4

there are many who would say that I should be pushier where my own future and career is involved, it's just not me. I can't change, nor do I care to. I will therefore be content to sit back and watch you improve the bench and offer any confidential comments on potential nominees which you might request or find helpful, as I undoubtedly know the vast majority of those being considered for the bench from this area.

This includes the Sixth Circuit bench. You have two or three appointments to make to the Sixth Circuit and thus have an opportunity to improve what can only be called a rather undistinguished bench. Not only is the quality of that bench rather mediocre for a United States Court of Appeals, but the last few panels before whom I have appeared have been quite dull and unprepared, seeming to rely much more on a law clerk's memo or two than on their own preparation. I can contrast this with my last three successful arguments before the Third Circuit in Philadelphia in the past five years (on the same case, no less) in which the panels were so well prepared that they grilled the attorneys as to matters contained on specific pages and lines in the record and honed in on the issues with razor-sharp acuity. It is an absolute delight to an experienced and well-prepared appellate practitioner to have such a panel deciding his case. I would hope that the Sixth Circuit bench can be improved to the point where I could honestly sing its accolades.

Well, I've already taken up too much of your time. I hope to get an address where I can funnel future short notes.

I'm looking forward with great anticipation to seeing both of you on December 16th, and to doing whatever I can to help you in the years to come.

Your classmate,

A handwritten signature in cursive script, appearing to read "Jerry", written in dark ink.

Gerald F. Posner

Yale Law School
Class of 1974

THE WHITE HOUSE
WASHINGTON

December 13, 1994

Nannerl O. Keohane
President
Duke University
Durham, North Carolina 27708

Dear Nan:

Thanks for your letter of December 6. I am pleased the dedication ceremony of the Terry Sanford Institute of Public Policy went well, and I appreciate your allowing me to participate. I only wish I could have been there in person!

Thanks, too, for extending an open invitation to speak at Duke. I am deeply touched by the decision to confer on me an honorary degree, and I hope that someday I'll be able to come and claim it.

Hillary joins me in sending our best wishes to you and Bob, and we hope you have a wonderful holiday season.

Sincerely,

B. Clinton

*cc scheduling
sus per Do
per*

Duke University
Durham
North Carolina 27708-0001

OFFICE OF THE PRESIDENT
BOX 90001

December 6, 1994

TELEPHONE (919) 684-2424
FACSIMILE (919) 684-3050

President Bill Clinton
The White House
Washington, D.C. 20500-2000

Dear President Clinton:

Thank you for your thoughtful note of December 2 and for the gracious statement for the dedication of the Terry Sanford Institute of Public Policy. I read it with pride and to general acclaim. Your words honoring Terry, particularly the reference to your own experience and admiration for him, were much appreciated by all who were there for that very festive celebration.

I know that Terry Sanford has mentioned that we would be most happy to welcome you to Duke at any time that your schedule might allow. We believe that this would be an especially appropriate place for you to deliver an address on policy choices that the nation now must face in light of the realigning events of the recent election. The Terry Sanford Institute would be proud to sponsor such a speech, as would the University as a whole. I would imagine that we could fill Cameron Indoor Stadium, and that auspicious location would certainly lend its own luster to what I am sure would be an excellent address.

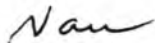
We shall be happy to accommodate your schedule, if at all possible, and assure you a large and attentive audience as well as a gracious welcome to the state of North Carolina where you have many friends and supporters, particularly in the Research Triangle area. It would be especially appropriate, I feel, for you to make such a speech in this bastion of the "new South" where so many people's experiences and values are so much akin to your own.

In hopes of your attendance at the Sanford Institute dedication, our Academic Council and Board of Trustees authorized me to confer upon you an honorary degree at the time of your visit. I shall hold it in readiness and need change nothing but the date to bestow it upon you whenever you can be with us.

It would, of course, give Bob and me great personal pleasure to welcome you to the campus, and your many friends here at Duke and in Washington who care about Duke would join me most heartily in doing so. Please keep it in mind, and let us know if that might be possible.

In the meantime, my best wishes to you and the family for a joyous holiday season.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Nannerl".

Nannerl O. Keohane

cc: Terry Sanford
William Ascher
John Koskinen
Joel Fleishman

THE WHITE HOUSE
WASHINGTON

*cc'd
of incoming
& outgoing
all
pm*

December 14, 1994

Nancy and Craig Wood
23 Lenon Drive
Little Rock, Arkansas 72207

Dear Nancy and Craig:

Thanks for your wonderful note. Hillary and I know, of course, that our friends who have traveled with us so many miles are still there. We're in a time of great change, I think, and it's so reassuring to know that folks like you care about us and about what we're trying to do.

We're grateful for your prayers, and we hope you have a wonderful holiday season, too.

Sincerely,

Bill

December 8th

Dear Hillary & Bill,

There isn't a day that goes by that we don't think of you and ask God for your protection, guidance and strength. Surely you know that those of us who have travelled the road with you still strongly support you. I really believe you two were given the opportunity to

fulfill a mission - Keep at it!

Let's just get the word out more often and far more clearly about what you have accomplished! And - call on us to help when we can.

We hope you'll enjoy the holidays and be able to relax some. We're planning great joy with our grandchildren. Fondly,
Nancy Craig

Obama Fyi - interesting

THE PRESIDENT HAS SEEN DAM, July, 1953, p. 19-2
12-14-94

"Don't Join the Book-Burners"

Following is a transcript of President Eisenhower's informal remarks to the graduating class at Dartmouth's 184th Commencement. This is based primarily on the WDBS tape recording, with editorial choice exercised in a couple of instances where the President's words were not entirely clear.

PRESIDENT DICKEY, Secretary Pearson, members of Dartmouth's family, and their friends:

Your president possesses a brash bravery approaching foolhardiness when he gives to me this platform in front of such an audience with no other admonition except to say, "speak informally" — and giving me no limits of any other kind.

He has forgotten, I think, that old soldiers love to reminisce, and that they are in addition notoriously garrulous. But I have certain limitations of my own, learned throughout these many years, and I think they will serve to keep me from offending too deeply.

But even if I do offend, I beg in advance the pardon of those families and friends and sweethearts that are waiting to greet these new graduates (with a chaste handshake of congratulation) and assure you that any overstaying of my time was unintentional, and just merely a product of my past upbringing.

First, I could not pass this occasion without the traditional congratulations to this class on the completion of four years of arduous work at a college of such standing as Dartmouth, and of which there is no higher.

Next, I think I may be pardoned if I congratulate you on the quality of the addresses you have heard today up to this moment. I think that your commencement address and the two valedictory addresses established a standard that could well be one to be emulated even here in the future.

Now, with your permission, I want to talk about two points — two qualities — that are purely personal. I am not going to be an exhorter, as Secretary Pearson has said. I want to talk about these two things, and merely suggest to you certain ideas concerning them.

I am going to talk about fun — joy — happiness: just fun in life. And I am going to talk a little about courage.

Now, as to fun, to get myself straight at once, for fear that in my garrulous way I might stray from my point, I shall say this:

Unless each day can be looked back upon by an individual as one in which he has had some fun, some joy, some real satisfaction, that day is a loss. It is un-Christian and wicked, in my opinion, to allow such a thing to occur.

Now, there are many, many different things and thoughts

and ideas that will contribute — many acts of your own that will contribute — to the fun you have out of life. You go along a bank — a stream bank — in the tropics, and there is a crocodile lying in the sun. He looks the picture of contentment. They tell me that often they live to be a great age — a hundred years and more — still lying in the sun, and that is all they do.

Now, by going to Dartmouth, by coming this far along the road, you have achieved certain standards, and one of those standards is, it is no longer so easy for you to have fun. You can't be like a crocodile and sleep away your life and be satisfied. You must do something, and normally it must involve others — something you do for them. The satisfaction — it's trite, but it's true — the satisfaction of a clear conscience, no matter what happens.

You get a lot of fun out of shooting a good game of golf. But you wouldn't have the slightest fun out of it if you knew to achieve that first 79 — you broke 80 today — if you did it by teeing up in the rough or taking the slightest advantage anywhere, and no one else in the world but you knew it. That game would never be a 79 to you. And so it wasn't worth while because you had no fun doing it.

Whatever you do — a little help to someone along the road, something you've achieved because you've worked hard for it, like your graduation diploma today — those things [that] have become worth while in your own estimation will contribute to your happiness. They

will measure up to your standards, because your standards have become those that only you know. But they have become very high, and if you do those things they are the kind of things that will satisfy you, and make life something that is joyous, that will cause your face to spread out a little, instead of drawing up this way [indicating a long face] — and there's too much of that in the world anyway.

You are leaders. You are bound to be leaders; you have had advantages that will make you leaders to someone, whether you know it or not. There will be tough problems to solve. You've heard about them. You can't solve them with long faces. They don't solve problems — not when they deal with humans. Humans have to have confidence. You've got to help give it to them.

THIS brings me to my second little topic, which is courage. I forget the author, but one many years ago, you know, uttered that famous saying, "The coward dies a thousand deaths but the brave man dies but once."

In other words, you can live happily if you have courage, because you are not fearing something that you can't help. You must have courage to look at all about you with honest



PRESIDENT EISENHOWER SPEAKING

eyes — above all, yourself — and we go back to our standards.

Have you actually measured up? If you have, it's that courage to look at yourself and say, "Well, I failed miserably there, I hurt someone's feelings needlessly, I lost my temper" — which you must never do except deliberately — you didn't measure up to your own standards.

Now, if you have the courage to look at yourself, soon you begin to achieve a code, or a pattern, that is closer to your own standards. By the same token, look at all that is dear to you, your own family — of course, your own children are going to be the greatest and most extraordinary that ever lived, but also look at them as they are, occasionally.

Look at your country. Here is a country of which we are proud, as you are proud of Dartmouth and all about you and the family to which you belong.

But this country is a long way from perfection — a long way. We have the disgrace of racial discrimination. We have prejudice against people because of their religion. We have crime on the docks. We have not had the courage to uproot these things although we know they are wrong. And we, with our standards — the standards given us at places like Dartmouth — we know they are wrong.

Now that courage is not going to be satisfied, your sense of satisfaction is not going to be satisfied, if you haven't the courage to look at these things and do your best to help correct them — because that is the contribution you shall make to this beloved country in your time. Each of us as he passes along should strive to add something.

It isn't enough merely to say, "I love America," and to salute the flag and take off your hat as it goes by, and to help sing *The Star Spangled Banner*. Wonderful — we love to do them, and our hearts swell with pride, because those who went before you worked to give to us today standing here, this pride. And this is a pride in an institution that we think has brought great happiness and we know has brought great contentment and freedom of soul to many people.

But it is not yet done. You must add to it.

DON'T join the book burners. Don't think you are going to conceal faults by concealing evidence that they ever existed. Don't be afraid to go in your library and read every book as long as any document does not offend

our own ideas of decency. That should be the only censorship.

How will we defeat communism unless we know what it is, what it teaches? Why does it have such an appeal for men? Why are so many people swearing allegiance to it? It's almost a religion, albeit one of the nether regions.

We have got to fight it with something better, not try to conceal the thinking of our own people. They are part of America, and even if they think ideas that are contrary to ours, their right to say them, their right to record them and their right to have them in places where they are accessible to others is unquestioned, or it is not America.

I fear that I have already violated my promise not to stay too long and not to exhort. I could not, though, go back to my chair without saying that my sense of distinction in Dartmouth's honorary doctorate, in the overgenerous — the extravagantly overgenerous — remarks of your president in awarding me that doctorate, and the present of this cane from the young men of the graduating class — all of these things are very precious to me.

I have been fortunate in that my life has been spent with America's young men, probably one of the finest things that has happened to me in a very long life.

I thank you again for this award.

The Aftermath

IN looking forward to President Eisenhower's visit to Dartmouth for the 1953 Commencement, the College had completely left out of its anticipation any idea that the President in his informal remarks to the graduating class would utter so ringing and newsworthy a defense of intellectual freedom as his now-famous statement about "the book-burners." The President's brief but forceful utterance — 159 words in all, near the end of a talk about daily fun and courage — made banner headlines throughout the country and touched off repercussions that involved Congress; Washington press conferences by Secretary of State Dulles, President Eisenhower and Senator McCarthy, among others; press surveys in this country and abroad; widespread editorial comment; supporting statements by many leading citizens; sermons the following Sunday; and other forms of public reaction that indicated that the "book-burning" address at Dartmouth would remain a memorable event — for Dartmouth, an historic one.

The press had been quick to relate

President Eisenhower's Dartmouth remarks to Senator McCarthy's campaign to ban controversial books in the U. S. overseas information libraries. At his press conference in Washington the Wednesday after Commencement, the President expanded his Dartmouth remarks by stating that he was not referring to books which are an open appeal to be a Communist or to destroy democracy, but that he did not believe in suppressing ideas and was willing to have in U. S. libraries abroad all the controversial books that are freely available in libraries at home.

At Princeton's commencement two days after Dartmouth's, President Dodds predicted that President Eisenhower's Dartmouth address would come to be viewed as a great state paper. He also hailed it as "a chart by which a distracted America could regain her spiritual unity."

Speaking at the meeting of the General Alumni Association on the Saturday following Commencement, President Dickey declared that the 1953 Commencement would rank as one of Dartmouth's great days, perhaps as historic and meaningful for the College as some of the great events in past Dartmouth history. Whatever the dimensions that June 14, 1953, will take on in the future, Dartmouth is exceedingly proud to have provided the occasion, the platform, and perhaps the contagious atmosphere that produced one of the clearest statements of American freedom ever made by a President of the United States. The historic purposes and character of the College as "a free and honest market place for the exposition, exchange and evaluation of ideas" could not have been given more compelling expression than was given at the 1953 Commencement exercises held against the symbolic backdrop of Dartmouth's great library.

Some of the editorial comment called forth by President Eisenhower's address follows:

"Don't Join the Book-Burners"

It was against the appropriate background of Dartmouth College's old elms and the graceful spire of its library that President Eisenhower called on his audience — and all his countrymen — to have the courage to look at the truth and to fight evil with knowledge. When Dartmouth was founded, nearly two centuries ago, it stood near the frontiers of settled America, where men fought to push back the vast wild sea of forest and prairie that covered a continent, and its motto was the apt words of the prophet: "The voice of one crying in the wilderness." Today the continent has been won, yet Dartmouth, like its myriad kindred institutions of learning from coast to coast, is still waging a battle. It is a subtler one, but no less vital, against those who would pervert teaching to the uses of Communism or place it in shackles for fear of Communism.

It was against this self-defeating fear that the President spoke out. "Don't join the book-burners," he urged. "Don't think you are going to conceal faults if by evidence they ever existed. Don't be afraid to go in the library and read about Communism." The warning.

THE PRESIDENT HAS SEEN

12-14-94

TO Don Raul
CC Baul, Bealton

Trey

William Jefferson Clinton
President of the United States
The White House

December 2, 1994

Dear Mr. President:

I am taking advantage of your incautious invitation in August when we were talking at the Styron's house on the Vineyard about what ails the psyche of the nation. I had just sent you a long letter full of analysis and advice.

Like everyone else in Washington, I have been absorbed over the last three weeks in trying to figure out what the elections mean. I have read and listened to the pundits, studied the returns and also the polling data, reflected on the positive response I have been getting as I travel around the country promoting the NEH's "national conversation" on the American identity and shared values (what holds this pluralistic nation together?), and I also had a long chat last weekend with an Anglo cab driver in San Antonio. The more I reflect on it, the more I believe my analysis of last August was not far off. Thus emboldened, I write with more advice that you said you wanted.

The dominant emotion in the voting booth was anxiety. One might even speak of fear, giving rise to all of the dangers inherent in a frightened electorate and a polarized climate. I will resist the temptation to try to identify here precisely what people are anxious about, not only because that would take up too much space and is being done better than I could do it by the experts to whom you have access, but because identifying a particular fear creates a temptation to try to assuage that fear with a public policy response. I believe very strongly that that is the wrong response for you in this situation.

What the country desperately needs is for a leader to define the moral context within which public and private actions can be taken to address our problems. We are beginning to hear other voices doing that, and the America being portrayed is cruelly narcissistic, atomized, and inhospitable, the natural issue of an impoverished brand of the self-help ethic. Only you can provide an alternative image of America, only you can counteract the divisiveness of the slash and burn approach to social reform. The central tension in American culture is and has always been between individualism and cooperation. I think the chief tenet of the centrism for which you stand is that there must be a humane balance between the extreme versions of either pole of that tension. Most Americans will agree with that, but you must define the choices in those terms.

The other voices that we are beginning to hear are draping their program in the robes of "personal responsibility", which we can certainly use more of, but what we are hearing is a harsh and uncaring model that ignores the needs of Americans who are vulnerable through no fault of their own. It will be divisive and mean spirited (build more prisons, revive orphanages for the children of irresponsible parents, allow more guns in private hands, refuse AFDC to unwed mothers, etc.), and its primary concern for the common enterprise will be expressed through defense expenditures. This is all a predictable swinging of the pendulum away from an overly permissive society, and it presents you with a very difficult problem of how to respond. At the tactical level, I hope you will say that we should not punish needy people but help them to become self-supporting and self-governing. By itself, however, this will not be an effective response.

One big problem is that the public has been convinced that government programs don't work. That is inaccurate and much too simplistic, but it is a widespread article of faith. I know that one of the goals that you set for yourself coming into the presidency was to make government work and to restore public faith in the government's ability to do its job. This is where we still need leadership by precept and example. Unfortunately, however, the problem goes much deeper and is not amenable to direct, rational, public policy treatment.

We are at a critical juncture in our history. People sense that something is fundamentally wrong. Whatever principled rhetoric you choose to use, you must, of course, acknowledge the public's anxieties. Much more important than the particular fears that people happen to focus on, and that pollsters happen to ask about, however, you must address an underlying sense of fragmentation in society, a sense of the incoherently rapid change of many elements of our lives over the last thirty years (racial and ethnic relations, gender roles, sexual behavior, family structure, the end of the Cold War, the values that guide personal behavior such as self-discipline, postponed gratification, responsibility, duty, etc.), and a sense of cynicism about the common enterprise. There has been a huge amount of change, pulling society apart, and there has not yet been a reintegration of society. (This is obviously a very large and somewhat complicated reading of recent history, so I have enclosed one of my talks in which I sketch it in a little more detail, should you be interested.) As one of my journalist friends puts it, if you think of the 50s as the thesis, the 60s were the antithesis, and we have not yet had the synthesis. Or, as Os Guinness writes, there is no common vision of the common good. That is what Americans hunger for, and only you can provide it.

I am therefore among those who believe that in your public utterances, you must rise above the tactical squabbles about particular public policy choices and let the country know what kind of America you stand for. Clearly, this is a time to show strength

of purpose and firm resolve. Beyond that, what is needed is nothing less than a restatement of the national purpose, a redefinition of the meaning of America. Whatever else you do over the next two years, I think you must talk a lot about shared values, not personal values so much as communal values. I realize I am advocating that you practice a rhetoric of "American exceptionalism", the notion that America has been chosen by God to exemplify a virtuous form of society (a "New Jerusalem" for John Winthrop in his famous sermon on the Arabella; "Democracy" for our founding fathers and the great national leaders from Lincoln to Roosevelt and Kennedy). You will recall to what different uses Ronald Reagan and Mario Cuomo put John Winthrop's image of a "city on a hill." This rhetoric is fraught with dangers but, delicately handled, it is powerfully resonant with the American people.

Just as important, we do need to hear about what we owe to each other as citizens, to balance the ethic of self-reliance with some notions of mutual help from our neighborly barn-raising and corn-husking past. We need to hear about our duties as well as our liberties. We need to be reassured that faith in American democracy still exists, that the concepts of liberty and equality to which our founding documents committed us are still animating the idea of America, that we are a single society that includes all Americans, and that we are capable of uniting "to promote the general welfare." Unless Americans restore their faith in the moral worthiness of the nation, cynicism and nihilism will continue to grow. Obviously, I would be glad to talk further about these ideas with you or anyone you would like for me to talk to.

The good news from my wanderings around the country is that I have stumbled across a nascent civic renewal movement that is real and is vital but is still too small to register on any social seismograph. You can give voice to that movement, thus accelerating its healthy spread. In the process you will also recapture the center.

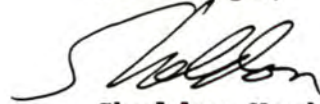
Finally, let me say how deeply I appreciate your support of the NEH and the NEA, both in general and through such particular gestures as the prize ceremonies and White House dinner back in October. That means a lot to Jane Alexander and me. I know that we are in for a hard time with the new Congress, but we have bipartisan support (as well as some bipartisan opposition) and we will make our case as aggressively and compellingly as we can.

Lucy joins me in sending our encouragement to you and Hillary. When we saw her at the Blumenthal's just before the election, she looked exhausted, as did you at your press conference just following the election. I hope you both can find ways to balance

-4-

your arduous public lives with some relaxation and private enjoyment. These are not great times for you, we know, but your strength, steadfastness and resilience are very much needed now.

With hope,

A handwritten signature in black ink, appearing to read 'Sheldon', with a stylized, sweeping flourish extending to the left.

Sheldon Hackney

Comments of Sheldon Hackney
Chairman, National Endowment for the Humanities
At the Michigan Humanities Council
Twentieth Anniversary Celebration
November 10, 1994

I take as my text some words of John Dewey written about sixty years ago but still pertinent to our situation:

What Philosophers have got to do is to work out a fresh analysis of the relations between the one and the many. Our shrinking world presents that issue today in a thousand different forms. . . . How are we going to make the most of the new values we set on variety, difference, and individuality -- how are we going to realize their possibilities in every field, and at the same time not sacrifice that plurality to the cooperation we need so much? How can we bring things together as we must without losing sight of plurality?

THE ONE AND THE MANY -- that is my subject, the dynamic tension between an important pair of opposite tendencies in our culture. I recall being intrigued by something that the poet, Donald Hall, said in his televised interview with Bill Moyers. He recited a little poem and then explained it, only to be told by Moyers that the poem had an entirely different meaning to him. Hall confessed appreciatively that he had never thought of the poem in the way Moyers interpreted it, and then he said, "A poem frequently has at the same time the meaning the poet intended and the opposite meaning as well."

I was reminded immediately of Sigmund Freud's crack that neurotic symptoms are both punishment and reward, and I kept thinking about the implications of Hall's profound observation. It soon occurred to me that nature seems to be filled with examples of binary opposites that complete each other:

Male-Female

North and South poles of magnets, and of earth

The genetic code arrayed along strands of the double helix

So it is with culture, especially American culture. For every strongly asserted trait of national character, the culture appears to produce, perhaps as a reaction formation, its opposite as well:

Equality -- Celebrity

Hard Work -- Get rich quick

Greed -- Philanthropy

Materialism - Religiosity

Delayed gratification -- Instant everything (rice, coffee, soup -- we are the land of fast food, quickee divorces and drive-in churches)

The linked pair of American cultural opposites that interests me tonight is individualism and organization -- the many and the one.

One revealing American arena in which to observe the mutuality of the many and the one is baseball. I hope you watched, as I did, the Ken Burns documentary, "Baseball, A Film by ken Burns." It was a fortuitous gift this fall, a way of extending the foreshortened season. Because NEH was a major funder of "Baseball", I had an excuse to watch, so I did.

If you watched all nine innings of the documentary, all 18.5 hours, you will understand why the current strike occurred, why the season was terminated, and why so many Americans care about the sport. To be sure, there are those who say the game of

baseball is fifteen minutes of excitement crammed into three and a half hours, but the stately pace and reverential tone of the documentary are appropriate for an activity that is so woven into our communal lives.

Take, for example, the story of the Little League coach who called his star player over to explain about good sportsmanship. "Johnny," he said, "on this team there will be no temper tantrums, there will be no profanity, we will not yell derogatory things at the umpire, we will not insult the opposing players, there will be no sulking if we lose the game -- is that clear?" "Yes sir," said Johnny. "Well," said the coach, "if you understand that, do you think you can explain it to your father, or am I going to have to ban him from the games?"

In our fractured and fragmented modern life, baseball is one of the shared experiences that provides common ground for an increasingly diverse America. It helps to hold us together. Some wags insist that America is held together by the pursuit of sex, money and celebrity. That reminds me of the comment that Oscar Levant made about the divorce of Marilyn Monroe and Joe DiMaggio, "It proves that nobody can be successful at two national pastimes."

Despite the humor, baseball is a prism through which one can examine large areas of American social history: race relations in particular, but also immigration, gender roles, labor-management

relations, ideals of heroism and villainy, personal virtues and vices, and American national character. Baseball, the game and the documentary, offers a thousand and one morality plays in which we are instructed about human nature and the human condition.

More important, baseball provides a metaphor for the paradoxical duality of the many and the one. This is probably the central tension in our culture, focused as it is on the cult of individualism and self reliance in a country whose real genius is for organizing human beings into large-scale enterprises -- politically, economically and militarily. Of all our team sports, baseball is the most individualistic. Each player's performance can be clearly observed and statistically measured, yet the most important statistic is the team's score at the end of the game and its won-lost record at the end of the season.

When Bo Belinsky, a pitcher for the Angels, was asked to explain how he lost a game 15-0, he said, "How do you expect a guy to win any games around here if you don't get him any runs?" Each player's success is in some large measure dependent on the success of the team. It is now a cliché for a star who has won the batting title or the Cy Young award or been named the MVP to say he would trade in all the personal recognition for the experience of being on a team that wins the world series. The success of the team is important to the individual.

We all want individual recognition, but we also want to belong to something of worth that is bigger than we are. That is part of the romance of the many and the one. Alan Wolfe of Boston University has noted the tension between liberalism, understood as personal freedom from governmental or other external constraint, and democracy, understood as the will of the majority. This is also the tension between the many and the one. Wolfe writes, "The predicament of liberal democracy is that liberalism denies the logic of democracy and democracy denies the logic of liberalism, but neither can exist without the other." Too much liberty, one might observe, is anarchy and leads to the tyranny of the strong; too much democracy is authoritarianism and leads to the tyranny of the majority. The required balance between freedom and order rests on a mystical mutual dependence of the opposing ideals of liberty and democracy. That balance is so important to us that we should worry when it threatens to go awry.

Scholars interested in the problems of contemporary life and in economic development have begun to focus on what they are calling "social capital." They distinguish social capital from "human capital" (education, skills, training, traits of character, etc.) and from "physical capital" (natural resources, roads, bridges, communications linkages, means of production, etc.). Robert Putnam, a political scientist at Harvard University, did a study of regional governments in Italy to try to identify why some were successful and others were less so.

The variations in success were not strongly correlated with any of the usual variables of human or physical capital (education, wealth, resources, etc.) Success was statistically best explained, however, by measures of citizen engagement. Furthermore, the social networks of civic involvement seem to precede rather than to follow the success. This implies that the most important thing in making a neighborhood or a society or a college a wholesome place to live, and to provide improved life chances to those who live there, is citizen involvement.

This recognition of the importance of the village in the raising of the child would be unalloyed good news if it were not also true that in the United States every measure of civic involvement has been trending down for over two decades and is still in decline (voter participation, PTA membership, church attendance, visiting a neighbor, etc.). Contemporary Americans have fled from the public square. As John Staudenmaier suggested brilliantly in his talk earlier today, they are too psychically exhausted by "media fatigue" to participate in the discussions in the public square. So, we Americans sit passive and isolated in front of our television sets, or at our computer terminals, or in our "edge cities" and suburbs, or otherwise in the pursuit of private and individual satisfactions. This flight is both physical and psychological.

No wonder we are living with so much cynicism and distrust! The downward trend in measures of civic involvement over the past

twenty-five years is mirrored in a Harris poll that has been taken continuously since 1966 which shows a plummeting level of confidence expressed by the public in the presidency, the Congress, the news media, and in every institution in American life.

Several weeks ago, the New York Times ran a cover story entitled "Antipolitics" in which the editors describe the public as being in a "sullen, surly mood." That mood is suggested in a series of stories, from which the reader could infer that the cause of the nasty public mood is to be found in such factors as stagnant living standards, rising crime, the proliferation of sources of news and thus the bombarding of the public with an overabundance of information, most of it negative, the dramatic rise in spending of special interest groups, gridlock in Washington, and impossibly high expectations of any President of the United States.

Those factors are undoubtedly real, but they are not sufficient to explain the long-term decline in American confidence as measured by the Harris poll (or a similar Gallup poll, for that matter). This is not the place to develop a complete explanation for what has been happening in America over the past three decades or more, but I believe any adequate explanation would have to begin with a recognition of the 1960s as a watershed in American history, a significant reordering of attitudes and relationships that have not yet been reintegrated into any sort of coherent notion of what the society is and where

it is going.

The sixties were years during which America took giant strides forward in social justice and inclusiveness, and during which countless subtle and no-so-subtle barriers to individual fulfillment were torn down, but the sixties had a dark side as well: self-indulgence, sexual promiscuity, drug abuse, and delusions of revolutionary transformation were all too prevalent. More importantly, even the positive changes had unintended consequences and perhaps unavoidable costs such as divisiveness.

All the social justice movements of the post-war era began in the decade of the sixties broadly defined, beginning with the civil rights movement ignited by the Brown decision in 1954, but including the women's movement, the gay and lesbian rights movement, the disabilities movement, the American Indian movement, and other movements on behalf of groups previously excluded from full participation in American life. These thrusts on behalf of social justice certainly ought to be seen as another proud step toward fulfilling the promises inherent in the Declaration of Independence and the Constitution, a step toward a closer approximation of the universal values in those great founding documents, but they also were occasioned by a great deal of social turmoil. The anti-war movement that was such a defining element of the decade was incredibly divisive, leaving tears in the social fabric that have not yet healed.

Furthermore, the counterculture that we sometimes think of

primarily in terms of styles and taste and music and dress was actually a frontal assault on the verities of the middle class. As middle-class culture is marked by planning for the future, doing one's duty, postponing gratification, respecting established authority, trusting the institutions of American life, and respecting one's elders; the counterculture urged us to live spontaneously and creatively without being imprisoned by the stultifying conformity of middle class life, not to trust anyone over thirty, to question authority, to recognize that human relationships are fleeting so personal loyalty and commitment are outworn virtues that interfere with self-actualization, and otherwise to live for the moment. It was an entirely different orientation to the world. Even though it did not gain the adherence of anything close to a majority of the population, it did influence attitudes and values profoundly.

Then, in 1973-74, in a brief span of months, three events occurred that shook the confidence of America in itself. Watergate, the Arab oil embargo, and the full awareness that we would leave Vietnam without a victory. America's innocence, traditional optimism and belief that all problems had solutions were fundamentally shaken.

Through the seventies and eighties, not only did the social justice movements continue to practice and profit from the politics of difference, but the individualism of rights-based liberalism competed with the individualism of material greed.

Christopher Lasch called it the "culture of narcissism" and Tom Wolfe dubbed the eighties the "me decade." Missing from the public discussion was what Os Guinness laments as a "common vision for the common good."

As we draw apart from each other in our private and perhaps self-indulgent pursuits, we grow suspicious of each other, and we become less capable of common action. It is a worry.

"Democracy begins in conversation," wrote John Dewey. It can not exist without a certain level of mutual trust, without citizens caring enough about the success of the whole to forego on occasion the rewards of atomistic competition. Two things are required if each of us is to be willing to subordinate our individual self-interests on occasion to the good of the whole: we must feel that we belong to the whole, that our personal fate is bound up in the fate of the whole, and we must see in that whole some moral purpose that is greater than the individual. Our problem is our inadequate awareness of what might be called the sacred order that underlies the social order and is the source of legitimate authority in the social order.

At an earlier defining moment in the nation's history, on the eve of the outbreak of the Civil War, Abraham Lincoln, speaking between his election and his inauguration, in Philadelphia in Independence Hall where the Declaration of Independence and the Constitution had been drafted, found the

meaning of America in its mission of being the exemplar for the world of the ideals of human freedom and equality set forth in those great documents.

On that occasion, Lincoln said, "I have often inquired of myself, what great principle or idea it was that kept this [Union] so long together. It was not the mere matter of the separation of the colonies from the mother land; but hope to the world for all future time. It was that which gave promise that in due time the weights should be lifted from the shoulders of all men, and that all should have an equal chance." It was not only about slavery but about slavery as a violation of the principles of democracy and the sanctity of the Union, because with the Union rested the world's hope for democracy.

The Civil War thus became a test of whether democracy, with its promise of liberty and equality, could survive, whether the last best hope on earth could endure. Returning to this theme two and a half brutal years later at the dedication of the military cemetery in Gettysburg, Lincoln declared that defending the Union was worth the sacrifices exacted by that terrible struggle because the sacrifices made possible a "new birth of freedom."

The challenge of our time is to revitalize our civic life in order to realize a new birth of freedom. To that end, the National Endowment for the Humanities is sponsoring a "national

conversation on American pluralism and identity," on what it means to be an American in the twenty-first century, on what principles and common commitments hold Americans together and make it possible for our ethnically and racially and culturally diverse society to be successful as a democracy. Where along the continuum from melting pot to mosaic are we to find the appropriate image to describe an American identity suitable for the twenty-first century?

Through a program of grants, a film intended for broadcast on public television and use in the nation's classrooms, an interactive bulletin board on the internet, a conversation kit that will be made available to anyone or any group that wishes to conduct its version of the conversation, the NEH seeks to bring together unprecedented numbers of Americans to talk and to listen to each other about shared values and the meaning of America. It is a conversation in which all voices need to be heard and all points of view represented. Only in that way can we revitalize our sense of our communal life.

This will be a risky enterprise, because the NEH comes only with questions -- not answers. The outcome is therefore unpredictable, contingent as it is on the course of the conversation and what we learn from each other as we talk.

However large the task, I believe we must reconstruct networks of mutual engagement of the kind that will serve as

has been liberated from the demands of religious obligation and from the demands of society, it has also been separated from a sense of itself, a sense of personhood. Personhood derives from our relationships to people, groups, things, ideas outside of ourselves. Relationships that confer meaning inevitably come with demands or obligations or duties. Take away the obligations and you take away the relationships and thus you take away the meaning that is one's identity. One then becomes a rootless individual in a sea of meaninglessness.

I believe, further, that there is a master historical narrative in which we all recognize not only the stories of our kith and kin but in which we recognize that we all are playing roles in a common story, in which we are all linked to each other across barriers of time and boundaries of race, in which we share the shame of our mistakes and the glory of our achievements, in which the meaning of America is to be found in the common ground of its aspirations of liberty and justice for all.

[END]



THE PRESIDENT

12-14-94

Dear Sheldon—

Thank again for your great
letter and your speech—You're
on to something very important,

Sincerely
Bill Clinton

Mr. Sheldon Hackney
Chairman,
National Endowment for the Humanities
1100 Pennsylvania Avenue, NW
Washington, DC 20506

CoverP. PRO Greenstein
can run N: This

B

THE PRESIDENT HAS SEEN

12-14-94

ISSUES RELATING TO THE BUDGET

This memo covers the following areas: turning Medicaid into a block grant; the middle-class tax cut; investments; and thinking strategically about budget cuts. I have limited knowledge of what's under consideration now and thus can't comment on other issues.

I. Medicaid Block Grant

An option has been developed to turn Medicaid into a block grant and cap it so it grows at 7% to 8% per year (rather than at the higher rates at which it is currently projected to grow). This is a very unwise idea for both substantive and political reasons.

Substantive Problems

- Absent strong action to reduce the rate of growth in costs throughout the U. S. health care system, this proposal would compel states to make large cuts in Medicaid eligibility and/or services. *The strong likelihood is that the number of uninsured would rise significantly as a result.*
- The proposal's proponents apparently argue that the rate of growth in Medicaid costs — projected at about 12% — is too high, and states should be able to bring it down to 7% or 8%. This argument misses several points. First, the 12 percent rate of growth in Medicaid costs is due not only to the rise in health care costs throughout the U. S. health care system but also to growth in the Medicaid beneficiary population. The number of beneficiaries is growing at a rate of about four percent per year, for three reasons: 1) federal requirements that states cover more poor children each year; 2) the steady growth in the number of disabled people; and 3) the steady increase in the number of low-income people who apply for Medicaid when they lose employer-based coverage. Many states are already moving aggressively to control the costs of health services reimbursed under Medicaid by shifting to managed care. To slow overall growth further so it is 7% or 8%, the first step that many states would likely take — if freed from federal Medical requirements — would be to reduce, or slow the increase in, the number of beneficiaries. That would most certainly mean more uninsured people — and in particular, more uninsured children.

Of particular concern is the fact that the most important advance in health care coverage for children over the past decade — the federally mandated extension of Medicaid to cover virtually all low-income pregnant women and young children and (by 2002) virtually all poor children through age 18 — would be in serious jeopardy. The federal requirement would disappear under the proposed block grant, and this would be a likely place for states to cut back.

- Also in jeopardy would be the federal requirement that states provide Early Periodic Screening, Diagnosis, and Treatment (EPSDT) exams for children in Medicaid and provide Medicaid coverage for medical problems uncovered by the EPSDT exams. This requirement, also, would be dropped under a block grant.
- Another group likely to be adversely affected would be elderly poor people who are not on SSI. Federal law requires that Medicaid help pay the ever-mounting Medicare premiums, deductibles, and co-payments that these low-income elderly face. Under the proposed block grant, many states could be expected to pare back or drop this coverage.
- Yet another problem is that Medicaid coverage would have to be cut back sharply during recessions. Under the current entitlement structure, increased federal Medicaid matching funds automatically become available when state Medicaid caseloads and costs rise during recessions. Under a block grant, a state's federal Medicaid funding for a year would be fixed; no additional funds would be provided if a recession hit. If the economy turned down, many states would be forced to put new Medicaid applicants (such as poor children in newly unemployed families) on waiting lists for Medicaid.
- Also, if a formula were developed to allocate block grant funds among states, still another problem could arise. Some states would be big "losers," while other would be "winners."

Political Problems

- This proposal would be seen as an Administration flip-flop. One year, the President proposes universal coverage. The next year, he proposes changes that would swell the ranks of the uninsured.
- As a result, this would likely be seen as crass political repositioning on the part of the President. That would intensify the already too-widespread

view that he lacks core beliefs and is essentially a pol who doesn't stand for basic principles.

- It would anger the groups that supported the White House on health care reform. It would antagonize governors as well. It's hard to figure out who would like the proposal.

II. Middle-Class Tax Cut

I understand the political need to propose a middle-class tax cut. The question is how to design it and how to pay for it. Here are some thoughts.

- Keep the tax cut as modest as possible consistent with achieving its political goals. The Administration's tax cut will be a starting point, from which the size of the tax cut will grow on Capitol Hill. And with the balanced budget constitutional amendment likely to pass — and Social Security and defense off-limits — a large tax cut will make the reductions in other parts of the budget even more excruciating as we approach 2002. (2002 is the year the budget has to be balanced under the proposed constitutional amendment.)
- Draw a firm line so high-income people don't get the tax cut. I gather the White House plans to do this.
- Provide the tax cut in the form of a tax credit rather than in the form of an increase in the personal exemption or an expansion of eligibility for Individual Retirement Accounts (IRAs). A tax credit provides the same amount of tax relief to a family at \$20,000 as to a family at \$75,000. By contrast, an increase in the personal exemption is worth nearly twice as much to upper-middle income families in the 28% tax bracket as to lower-middle and middle-income families in the 15% bracket. Expanding IRAs is the least desirable of these approaches. IRA tax breaks are already available to families with incomes up to \$50,000 (about 70% of families). A proposal to expand the IRA tax break would principally benefit those at higher income levels. Moreover, average middle-income families can't afford to put much into IRA accounts, while more affluent families can. The data showing that the expanded IRA tax bracket would be of little value to typical middle-income families are strong. (There may also be other middle-class tax cut options under consideration. I'm not aware of the specific tax cut proposals being considered.)

For both political and policy reasons, the Administration shouldn't propose a tax cut that benefits upper-middle income families more than families right in the middle of the income spectrum or hard-working families in the lower-middle class.

- If the tax cut is provided in the form of a tax credit, the credit should be at least partially "refundable." A refundable tax credit is one, like the earned income credit, that provides a payment to families that qualify for it but have incomes too low to owe income tax. A *non-refundable* credit does not provide a payment to those owing no tax. A substantial fraction of families with children owe no income tax and would not benefit from a middle-class tax cut provided as a non-refundable credit. (They also would not benefit from an increase in the personal exemption or expanded IRAs.) On the other hand, many of these families are benefitting from the expansion of the earned income credit.

Making a tax credit fully refundable probably increases its cost too much, but there are lower-cost options that involve partial refundability. The children's tax credit in the Contract with America is refundable to a very limited degree. If it proposes a tax credit, the White House might consider including at least as much refundability as the Contract's tax proposal does.

Paying for the Tax Cut

Under current law, a tax cut must be paid for through offsetting cuts in entitlements or increases in taxes. I understand that one option now under consideration calls for changing the budget laws so that the savings from lowering the cap on discretionary (i.e., non-entitlement) programs can be used to pay for tax cuts.

I believe this would be a dangerous route to follow. Once the Administration proposes changing the budget law to allow cuts in discretionary programs to be used to pay for tax cuts, the Republicans will seize upon it. They are likely to cut discretionary programs substantially deeper than the Administration proposes to do — and to use the additional savings to help fund larger tax cuts. This is a pattern that could be repeated in subsequent years.

Since the current budget structure was enacted in 1990, the requirement that a tax cut be paid for by an entitlement cut or a tax increase has worked extremely well in restraining tax-cutting. To abandon this procedure just when the Republicans are searching for ways to finance their rather massive tax cuts would, in my view, be folly. To balance the budget in seven years without touching defense or Social Security or

raising taxes — as the Republicans propose to do — will require devastating reductions over the next seven years in the discretionary side of the budget. These reductions will dwarf the largest cuts Ronald Reagan ever proposed. Allowing discretionary cuts to pay for tax cuts will likely lead to still-larger tax cuts and still-deeper discretionary cuts in the years ahead and make this problem more severe.

It is understandable that the White House would feel a strong temptation to follow this route. It makes it easier to pay for a larger middle-class tax cut. But the long-term consequences for children's programs and other discretionary programs are serious.

III. Investments

The Republican Congress is likely to reject many of the Clinton investments. I would recommend having a shorter list of investments than in last year's budget, choosing the investments carefully, and picking several of the investments proposed in the budget to fight for visibly.

* Among the investments I would keep in the President's budget are Head Start and WIC. I understand that the "passback" to HHS and USDA shortly before Thanksgiving included an increase of \$400 million for Head Start and \$350 million for WIC. I think those are very reasonable numbers. I hope they have not been reduced since late November.

I don't know enough about what the budget contains for other investments or children's programs to offer comments on them.

IV. Larger Strategy Questions

One final concern. I hope the White House is considering which elements of the Contract it most wants to heat and what allies it needs to do so. The question then arises of whether any of the cuts proposed in the budget would undermine such alliances. In other words, are there any budget cuts under consideration that would jeopardize larger, more important Administration goals and priorities? I don't know whether the White House is pursuing these questions in fashioning its budget cuts.

December 13, 1994

12/14
THE PRESIDENT HAS BEEN

THE WHITE HOUSE
WASHINGTON

December 12, 1994

94 DEC 13 A 8:53

MEMORANDUM TO THE PRESIDENT

FROM: CAROL H. RASCO 
THROUGH: LEON PANETTA 
SUBJECT: WORKING MEETING ON WELFARE REFORM

Following up your announcement of a working session on welfare reform with a bipartisan group of elected officials, we need to make a series of decisions about the meeting's structure and format. The plan sketched out below envisions a true working session, held at Camp David, with minimal press coverage other than statements by participants at the close of the meeting.

Decisions

1. Where

We recommend holding the summit at Camp David rather than the White House. The atmosphere is more relaxed, access to the press is more controlled, and the setting is more Presidential.

 ☒ Approve

☐ Disapprove

☐ Discuss

If you do not wish to use Camp David, we recommend using White House facilities, either around the House itself (although that may be impossible due to renovations) or at the Jackson Place Conference Center.

2. When

Our first choice for a date would be Friday and Saturday, January 13-14, which would give us a way to get into the middle of the political debate before the State of the Union. We are working with NGA to finalize the date today or tomorrow.

3. Who

In keeping with the goal of having a working session, we will keep the number of invitations small. In discussions with Pat Griffin and Marcia Hale, we have tentatively agreed to the following invitation list:

6 Governors -- NGA Chair and Vice Chair
 NGA Welfare leads (D and R)
 NGA Human Resources Chair and Vice Chair

6 Senators and 6 members of the House

-- Pat will work with the majority and minority leaderships to determine representation

4 local elected officials

-- We will invite 2-3 Mayors and 1-2 county or other local officials. Marcia will coordinate these invitations.

4 representatives of the Administration

-- Yourself, the Vice President, Secretary Shalala, and Alice Rivlin

A minimal number of other staff including, Leon Panetta, myself, Bruce Reed and other staff as appropriate.

_____ Approve _____ Disapprove _____ Discuss

4. Format/Schedule

We envision the following schedule:

Friday evening	6:00	Arrival
	6:30	Dinner
	8:30	Introductory Discussion
	9:30	Movie/Other entertainment
Saturday	8:00	Breakfast
	8:30	Working Sessions
		Working Lunch
	2:00	Conclusion/Press statement

The discussion sessions on Friday and Saturday would be structured thematic conversations perhaps based on materials circulated in advance. We do not envision in-depth presentations, rather free-flowing dialogue and discussion structured around our key themes.



☒ Approve

☐ Disapprove

☐ Discuss

5. Goals

We should be realistic about what we can accomplish at a summit with such a broad range of leaders. This is not the place to agree on financing or draft legislation. Our objectives should be more like the Education Summit -- to reach agreement on broad goals and principles. The summit could be organized around a few themes -- work, responsibility, family -- that would lead the discussion toward agreement on our key principles.



☒ Approve

☐ Disapprove

☐ Discuss

6. Next Steps

To put this plan in motion, we would like to announce on Wednesday the date and place for the working session, in conjunction with granting the Indiana welfare reform waiver.



☒ Approve

☐ Disapprove

☐ Discuss

Based on your approval of the general framework outlined above, I will work with Pat and Marcia to begin outreach to NGA and congressional staff to put the planning into motion. We plan to conduct extensive staff work between now and the meeting and need to get started as soon as possible.

We have a meeting scheduled with you for Friday, at which time we can discuss the session with you in more detail.

cc: George Stephanopolous
Pat Griffin
Marcia Hale
Bruce Reed
Rahm Emanuel

THE PRESIDENT HAS SEEN

12/14

THE WHITE HOUSE

WASHINGTON

December 13, 1994

~~MR. PRESIDENT:~~

The attached memo from Joel Klein, George, Bill Galston and Steve Neuwirth considers whether the Solicitor General should file an amicus brief supporting the position of a student-run religious journal, which claims that its First Amendment rights have been violated by the refusal of the University of Virginia to provide monetary support -- which it does provide to secular student publications. The case has been accepted by the Supreme Court and an amicus brief would be due December 15. **However, Joel, George, Bill and Steve recommend against submitting a brief. Leon concurs.**

In a nutshell, the students claim that denying funds only to religious publications unconstitutionally discriminates against religion. The University, which does provide non-monetary support (school facilities and equipment), says providing monetary support would violate the Establishment Clause.

The case for filing a brief is that (i) a strong argument could be made for the students' position; and (ii) such argument would likely anticipate a trend in Supreme Court jurisprudence toward a less strict insistence on Church/State separation. The case against filing a brief is that (i) based on current precedent, the University has a powerful legal position; (ii) Administration support for the students would be highly controversial; and (iii) such support would doubtless be attacked as a rightward move for reasons of political expediency.

As noted, your advisors recommend that the Administration not enter this case.

~~Agree~~

Disagree

Discuss

on the other side
on the other side

John Podesta

Rodd Stern

OU

THE PRESIDENT HAS SEEN

12/14

THE WHITE HOUSE

WASHINGTON

December 12, 1994

94 DEC 12 P7:49

~~PRIVILEGED AND CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

DETERMINED TO BE AN ADMINISTRATIVE

THROUGH: LEON PANETTA

MARKING INITIALS: M DATE: 10/31/94

FROM: JOEL KLEIN
GEORGE STEPHANOPOULOS
BILL GALSTON
STEVE NEUWIRTH

208-0612-5

SUBJECT: Pending Supreme Court case on religion
and speech

The Supreme Court has accepted a case, Rosenberger v. Rector and Visitors of the University of Virginia, to address whether a state university can deny funding to a student-run religious journal, when such funding is provided to student secular publications and other student organizations. This memorandum discusses whether the Administration should enter the litigation.

It is clear that a state university's denial of funds only to religious publications constitutes a content-based restriction on speech that would normally violate the First Amendment. But a unanimous panel of the Fourth Circuit Court of Appeals, in an opinion by Chief Judge Sam Ervin, nonetheless ruled for the university here on grounds that monetary funding for a religious publication would constitute state sponsorship of religion in violation of the Establishment Clause. The Fourth Circuit also concluded that the university has used the least restrictive means of maintaining the separation of church and state, since the university provides the religious journal the same types of non-monetary support -- including access to school facilities and equipment -- that is provided to all other student organizations.

The religious community is divided about the pending case. The Christian Coalition and several other groups plan to file an amicus brief in support of the religious students. They will argue that state neutrality toward religion is maintained if a university provides funding to all student publications, and that denying funds only to religious publications constitutes impermissible discrimination against religion.

On the other hand, those organizations that have traditionally sought to ensure a strict separation of church and state -- such as the Baptist Joint Committee and the American Jewish Congress -- will likely file briefs in support of the university.

The Solicitor General has an opportunity to enter the pending Supreme Court proceedings. We assume that it would be inconsistent with your approach to issues of religious freedom for the Solicitor General to file an amicus brief affirmatively supporting the university's view that the Establishment Clause prohibits the state from funding the student religious journal.

The more difficult question is whether the Administration should file a brief to support the religious students, or whether the better course would be for the Solicitor General to stay out of the case altogether. A brief in support of the students would need to be filed by this Thursday, December 15.

The benefits of entering the litigation in support of the students include:

- An opportunity to continue the Administration's (and your) strong support for the free exercise of religion: A compelling argument can be made to support the students' position. The university provides financial support to secular publications that often address the same issues as do the religious journals that receive no such funding. Moreover, the secular publications funded by the university are free to express radical views or even attack religion itself. The university already provides funding for some campus religious organizations, such as a Moslem and Jewish student groups, and thus can be said to have targeted only religious speech. In addition, because the university does provide non-monetary support for religious publications, it is difficult to justify why only monetary funding should be denied.
- An opportunity to anticipate likely trends in Supreme Court jurisprudence: Over the past two decades, a number of Justices (including Rehnquist, O'Connor, Scalia and Kennedy) have questioned the inherent tension between the free exercise of religion and the Supreme Court's jurisprudence on the Establishment Clause. Last term, Justice O'Connor wrote in a concurring opinion that "[t]he court should, in a proper case, be prepared to reconsider" its prior decisions "in order to bring our Establishment Clause jurisprudence back to what I think is the proper track -- government impartiality, not animosity, towards religion."

States are already able to extend generally available tax exemptions to religious organizations. The court may find that the constitution also permits a state university to include religious organizations as

recipients of generally available student activities funds.

At the same time, we believe there are several compelling reasons for the Administration not to enter the pending litigation:

- The university has a strong legal position, and the issues are very close: The Supreme Court has never approved direct state monetary grants to religious organizations to support religious speech. Many Americans would view state funding for a religious journal as a tremendous erosion of the Establishment Clause, and the beginning of a slippery slope towards some sort of state funding for religious schools. A unanimous Fourth Circuit panel, as we noted above, ruled in favor of the university on Establishment Clause grounds. A compelling case can be made that if the Establishment Clause prohibits anything, it must preclude state monetary support for the expression of particular religious viewpoints.
- Support for the religious student group would be highly controversial: The Administration would certainly be challenged by religious groups (including Christians) and others who have worked for decades to ensure the separation of church and state. We would expect claims that the Administration, as in the case of school prayer, is venturing into dangerous constitutional territory for reasons of political expediency.
- The timing is not right: As noted, an Administration brief would need to be filed by December 15. A brief would certainly resurrect debate about your views on religious issues, including claims that this Administration will sacrifice principles for politics, at the very time you are seeking to articulate your vision for the coming two years.

RECOMMENDATION

On balance, it is our recommendation that the Administration not enter the pending Supreme Court case. We believe the issues are too close to justify an Administration brief in support of state funding for a religious journal. If you approve, the Counsel's Office will so advise the Department of Justice.

_____ APPROVE _____ DISAPPROVE _____ DISCUSS FURTHER

segments of Latin American public opinion. But if California's record of anticipating swings in U.S. public attitudes is any indication, it will probably be unavoidable: The sentiment behind Proposition 187 seems to be here to stay, even if its details and mechanics are not.

The Politics of America's Changing Work Experience

Friedman is an attorney and urban economist.

By David Friedman=

Special to the Los Angeles Times=

What accounts for American voters' visceral anger that so spectacularly erupted in the November elections? A crucial, but overlooked factor is the dramatic change in the way most Americans experience work.

In the past, most voters toiled in large, bureaucratic entities giant corporations or government and had little direct control over their economic destinies. Their careers were largely a matter of seniority and learning to protect themselves as they moved up the corporate hierarchy. Along the way, they could expect fairly secure pay and regular increases in benefits.

In the heyday of the old economy, the dominant political battles, especially in Washington, centered on getting a "fair" piece of this corporate pie and on regulating big business' fiscal, environmental and other excesses. An agenda of work-place entitlements, anti-business skepticism and centralized social programs enjoyed considerable appeal when the interests of workers, the middle class and various activist groups were plausibly pitted against the homogenous corporate bureaucracies.

All this has changed in the last two decades. Upstart Asian producers, sophisticated Europeans and talented Latin American and other companies from newly industrializing nations learned to meet, then greatly exceed, the price and quality standards of America's giant industrial institutions. Suddenly, the comfort afforded by stable job and skill classifications became a huge liability for even the most powerful companies.

What these once-slumbering enterprises did next almost completely reshaped work in America. A large share of formerly in-house production and service activity was shifted outside and placed with independent subcontractors. These companies learned to combine their skills to design and deliver high-quality goods that were labeled and sold by brand-name companies like IBM, Boeing, Ford or MCA. Many of the larger organizations themselves, such as AT&T and Motorola, broke up into smaller, independent units to duplicate the risk-taking and creativity their subcontractors exhibited.

By the early 1990s, the vast majority of Americans were either working in these smaller companies or in the newly independent profit centers of larger companies. Their careers were far riskier and unstable. The choices they made directly affected their organizations' survival and their futures in ways that never occurred in the giant, paternalistic institutions that once offered them seemingly permanent employment security.

Out of this dramatic transformation grew a new political agenda. As small companies and individuals increasingly shouldered the burdens of product and market development for the national economy, capital availability became a crucial problem, especially since traditional tax policies and bank and venture-capital lending practices largely ignored their needs. Firms in the new economy discovered that they had to build regional institutions to support or help stimulate the concentrations of skill and talent as in Hollywood or Silicon Valley that allowed

them to dominate world markets, a requirement made more difficult by the federal government's virtually total usurpation of local authority and economic resources. The Byzantine regulatory and entitlement schemes previously imposed on the nation's giant companies created overly burdensome constraints on newly entrepreneurial enterprises investing heavily in their futures, and thus operating close to their financial limits.

The passions unleashed by the midterm elections are in no small part attributable to the enormous tension between the America being molded by the new economy and the bureaucracies that survive from an earlier era. Far from embracing the new concerns of America's ascendant economic classes investment capital, tax relief, local autonomy or regulatory reform political elites, responding to their bureaucratic patrons, scorned them as selfish and reactionary. In response, America's new economy increasingly resented leaders who continually derided their interests while exclusively championing those that directly opposed them.

The first casualties of this exploding tension, apart from Democrats, are many of the institutions that are at the core of the bureaucratic economy. One is the mainstream media, which underestimated the changes sweeping through the nation and flooded the airwaves and newspapers in support of the traditional political agenda. Unable to find outlets for their viewpoints, many in America's new economy turned to such novel information sources as talk shows and on-line newsletters, which ultimately proved more prescient of the election results.

Also convincingly defeated were economic and social policies that rely on transferring tax funds to big government or big business to "help" the underprivileged or to "create" new industries. The denizens of the new economy lost faith in social-entitlement programs when their legitimate concerns about worker's compensation fraud, illegal immigration or the negative effects of procurement or education quotas were dismissed as racism or insensitivity. Economic programs that would further tax America's growing firms and industries so that ponderous bureaucracies could provide "new" technologies, "green" industries or social services like health care were rejected in favor of returning resources directly to the firms that are already successful in global competition.

While it was the Democrats who first paid for America's new economic realities becoming political, it is unclear whether the Republicans earned more than a temporary victory. Much of their support is negative; they attracted the disillusioned as the lesser of two evils, the party that would do the least harm, not the most good. Indeed, there are already signs the Republicans may not understand the revolutionary economic agenda they've putatively inherited.

Tax cuts, for instance, would be welcomed by newly emergent and growing companies, but only if the savings directly returned to their pockets. But most of the post-election Republican tax proposals focus on capital gains or other measures that benefit aloof institutions, Wall Street or the already wealthy.

Similarly, the authoritarian, dog-eat-dog world view of many Republican constituencies does not resonate with many of the most talented people behind America's emergent companies. The most successful, post-bureaucratic industries and regions computer specialists in San Francisco and media experts in Los Angeles, for example combine intense competition and a strong sense of mutual collaboration with their peers, a strategic mix that has economists groping for models. But whatever their logic, it seems no accident that these new economies are growing in the heart of some of the most liberal areas of the country, peopled by iconoclasts for whom the regressive politics of the right is anathema.

Finally, if the people shaped by the new economy reject ethnic-group victimization as the starting point of social

86

policy, they also equally eschew demonizing such groups as welfare cheats. In California the center, in many ways, of what the nation's economy is becoming Asians, Latinos and blacks are more productive in, and essential to, vibrant, responsive industries than in virtually any other part of the country; they are among the state's most creative work force and managers of the future. Alienating them, even in the name of much-needed welfare, immigration and social-service reform, is simply suicidal economics and politics.

Some pundits believe the midterm elections realigned America to the right. But the results are better interpreted as the first skirmish in a battle to force the nation's two-party system to address the country's new industrial realities. As the people who are reshaping U.S. industry become more powerful, they will transform the nation's politics as well.

Can the Palestinians Live With the Reality of Defeat? (New York)

Mead, a presidential fellow at the World Policy Institute at the New School, recently returned from the Middle East.

By Walter Russell Mead=

Special to the Los Angeles Times=

NEW YORK The Middle East peace process, the most positive development in world affairs since the collapse of European communism and the brightest jewel in the tarnished crown of the Clinton administration, is at a crossroads. Yasser Arafat has agreed to make peace with Israel, but the terms of the agreement are destroying his political authority.

On the West Bank and in Gaza, one can see the decline in Arafat's influence. In refugee camps, in the comfortable homes of the Palestinian elite and in the offices of what Palestinians hope will one day be the government of an independent state, Palestinians talk about their disappointment with the agreement and their disillusionment with Arafat.

Israelis aren't much happier. Agreement with the Palestinians furthered peace with Jordan, but it hasn't brought peace to the Israeli people. Soldiers are still being attacked, terrorists are still hitting civilian targets and ordinary Israelis are still haunted by insecurities as they go about their business.

The problem is this: Israelis and Palestinians are both weary of war, but neither side is quite ready for peace. It is the same problem that has haunted the Middle East since the Six Day War: The Israelis have won a war, but they do not know how to deal with their victory, and the Palestinians do not know how to deal with defeat.

The Palestinians, as usual, are in worse shape than the Israelis. Ever since the Balfour Declaration promised a homeland to Jews during World War I, Palestinian Arabs have fought to block the growth of Jewish settlements and the establishment of the Israeli state. They failed, and now they must live with the consequences.

Economically, militarily, even politically, "independent" Palestine will look to Israel for investment, technology, markets and jobs. Furthermore, no Israeli government will recognize Palestinian independence without a security agreement that limits the power and size of the Palestinian armed forces and makes Palestine, in effect, a part of the Israeli security zone.

All this means that Arafat must be both the George Washington and the Konrad Adenauer of Palestinian history. As Washington, he must secure national independence and preside over the birth of a nation and a new political system. This won't be easy. Many Asian and African countries have achieved independence in the 20th Century, but few have achieved prosperity and stability.

But building an independent state is the easy half of

Arafat's job. As the Adenauer of Palestine, Arafat must help his people come to terms with defeat. Just as Adenauer had to help a defeated West Germany accept its defeat and make friends with its conquerors, Arafat will have to work toward a rapprochement between a defeated Palestine and a triumphant Israel.

Any Palestinian state that Arafat gets to build will be a Rump Palestine a state built on the remnants of territory given him by the Israelis. In the eyes of his ultranationalist enemies, Arafat's Palestine will inevitably be Vichy Palestine, a collaborationist regime that betrays the Palestinian nation it claims to serve.

As Arafat walks the tightrope, he needs help from the Israelis and the West. The West's job is the easy one; it is already familiar to U.S. taxpayers. Our job is to pay. Western governments and donor organizations must help the Palestinians set up a new government, compensate refugees and provide a network of social services so that Palestinian public opinion will be convinced that the benefits of cooperation outweigh the psychological satisfaction of continued hostility.

The West accepts this responsibility in principle but so far both governments and donors, worried about the lack of transparency in Palestinian accounting procedures, have been slow to deliver. This is ridiculous. As Arafat and his allies fight their political battle against nationalist and religious extremists, the Palestinian Authority must have the funds to improve the lives of ordinary Palestinians and, though it isn't polite to say so, to buy political support with liberal offers of contracts and jobs.

The important thing is to get the money moving. Spend now, audit later. Ten years from now, nobody will care how the money was spent or whether some of it was siphoned off en route, but they will care about whether peace was advanced.

The Israelis have a tougher job. If Arafat and the peace process are to survive, the Israelis must let him win political victories that will bolster his support among Palestinians. Given their strong bargaining position, the Israelis can force their Palestinian counterparts to accept almost any concessions. It is unwise to press this advantage far; Arafat cannot effectively resist Israeli demands, but neither can he sell too many concessions to the Palestinians.

If Arafat must walk a tightrope, so must Yitzhak Rabin. The Israeli prime minister cannot make concessions that undercut Israeli security or alienate a sensitive and divided Israeli public. But he must avoid forcing Arafat to comply with demands that discredit both Arafat and the peace process among the Palestinians.

This, unfortunately, is something that will be extremely difficult for Rabin to do. Israeli public opinion has been conditioned first by the Holocaust, then by 50 years of Middle Eastern warfare. With terrorist attacks continuing, Israelis cannot easily put their siege mentality behind them. Taking risks for peace goes against the grain for many Israelis; to make concessions to a defeated enemy seems foolish to people who have spent their lives in a struggle for survival. Yet, without concessions early withdrawals from certain settlements, generous economic terms, imaginative proposals on contested issues like Palestinian sovereignty and the status of Jerusalem peace between Israelis and Palestinians will remain a distant dream.

Israel must learn the lesson today that the United States began to absorb after 1945: It isn't enough to defeat your enemies you have to make friends with them. The United States cannot quite forget Pearl Harbor, but we have had to forgive it in order to build a new relationship with Japan. Two years after the guns fell silent in Europe, the Truman administration and the American people had to send billions of dollars to the Germans and the Italians. Today, we are helping the Russians.

THE PRESIDENT HAS SEEN 12/14

1
To Bill Gultou/c
Baker
Baker —
Good Pies —

Lion/CA - Fyl - B.

THE PRESIDENT HAS SEEN

12/14/94

HEALTH CARE AND THE 1994 ELECTION: EVIDENCE FROM THE POLLS AND IMPLICATIONS FOR DEMOCRATIC STRATEGY

Summary

--Health care is a critical issue for the Democrats. It was the most salient single issue in the election and is among the voters' top priority for action in the new Congress. Health care is particularly important to the groups who will determine Democratic success in 1996--Democrats, Independents, and voters who did not go to the polls in 1994 but can be motivated to turn out in a Presidential election year.

--To make the health care work for the Democrats in 1996 the President must regain the initiative on the issue.

--The public continues strongly to support the central elements of the President's plan--universal coverage and cost control--but the scare tactics of the plan's opponents have left the public frightened of a possible government take-over of the health care system. This factor, combined with increased cynicism and distrust for government, may have temporarily dampened the public's appetite for plans labelled comprehensive reform.

--The poll data shows convincingly that, contrary to the usual analysis, health care as a discrete issue was an electoral plus for Congressional Democrats. The Democrats failure to pass health care, however, may have helped crystallize resentment about "politics as usual in Washington," and the disinformation spread by opponents of the President's plan may have contributed to an image of the Democrats supporting "big government".

--The DLC poll shows strong ambivalence about the proper role for government. Surprisingly, however, in view of the way the poll has been interpreted, it does not indicate that health care reform harmed the Democrats at the polls, nor does it even demonstrate that it affected voters' views of the President--and the poll shows continued high levels of support for key elements of the President's health plan.

--To seize the high ground on the health care issue, the President needs to continue to visibly fight for his principles: universal coverage and cost containment. He also needs to disassociate himself from the unfavorable

images that were unfairly attached to his own plan. He can best correct his image problems on this issue and position himself for the 1996 election by coupling continued advocacy of universal coverage and cost containment with a specific proposal for a down payment program that includes the elements "we can all agree on"-- insurance reform and subsidies to help working people and families with children afford the coverage they need.

--The President needs to resist any attempt to put him in the position of proposing Medicare cuts to be used for deficit reduction or a middle class tax cut or any use other than health care reform. Protection of Medicare and Social Security, which are linked together in the public mind, are wedge issues that can be immensely valuable to the Democrats at the polls--if we don't squander the opportunity.

Analysis

1. Health care is a critical issue for the Democrats

Health care was the single most salient issue in the 1994 campaign.

Three separate polls (Voters News Service, Kaiser/Harvard, and Public Opinion Strategies/HIAA) all showed the voters reporting that the single most important issue deciding their 1994 vote for Congress or that one of the two most important issues was health care (33% of all voters said it was one of the two most important issues in the Kaiser poll). The fact that health care was more salient to the voters than crime or welfare or tax cuts is especially remarkable in view of the relatively low level of discussion of health care during the campaign compared to these other issues.¹

Health care is among the voters' top priorities in the new Congress

VNS, Kaiser, and a Yankelovitch poll all found that more voters listed health reform as the top priority for the new Congress than any

¹There was some evidence in the POS poll of increased discussion of health care in the final few weeks of the campaign.

other issue. In the Kaiser poll, 40 percent listed it as one of the top two priorities.²

The DLC poll, which asked the question differently than the other polls (a forced choice rather than an open-ended question), found that voters ranked health care second out of twenty-two options as their choice for the single highest priority for the new Congress, just behind protecting Social Security and Medicare. When choices for either the single highest priority or one of the top few priorities are combined, the two health-related issues ranked third (controlling health care costs/ 53%) and seventh (insure everyone has health insurance/46%).

If anything, support for action seems to have grown since the election. A CBS health poll conducted November 27-28 found that health care was the top priority for the new Congress (19%). Crime was second (13%). Nothing else was above single digits, including welfare, the deficit, unemployment, taxes, and immigration. The poll also found that 62% said Congress should pass health reform in 1995 (although only 22% thought Congress would actually act).

Health care is particularly important among the groups who will determine Democratic success in 1996--Democrats, Independents, and 1994 non-voters who can be mobilized in a Presidential election year. Support for describing health reform as a top priority for the new Congress was substantially stronger among those who voted Democratic (53%) than it was among those who voted Republican (38%), although it was one of the top two priorities for both groups.³ In the DLC poll, support for ranking universal health care as the single top priority was almost as high among Independents (14%--higher than any other issue) as it was among Democrats (18%). By contrast, only 4% of the Republicans thought universal health insurance was an equally high priority. When choice of the top priority and the top few priorities were grouped, the two health care issues were ranked fourth and fifth for independents and second and third for Democrats, compared to only eleventh and seventeenth for the Republicans (out of 22 choices).

²Crime was second with 31%; taxes, the deficit, education, the economy, and foreign policy were all below 20%.

³Kaiser.

Interestingly, for the whole sample and for Democrats and Independents, the top ranked issue was protecting Social Security and Medicare (it ranked third even for Republicans). Nonvoters ranked the priority of controlling health care costs even higher than Independents, and were about the same as the independents on the universal coverage issue.

2. To make the issue work for the Democrats in 1996, the President must regain the initiative. Health care is potentially one of the Democrats' strongest issues. As discussed above, it is highly salient for voters, and it is most salient with the voters we need to win in 1996--our Democratic base, independent swing voters, and off-year non-voters who can be mobilized in a Presidential election. Although, as we shall see, the voters most concerned about health care voted Democratic in 1994, there is evidence across the political spectrum that the pounding the President's plan took means that the President must act decisively to re-identify himself with the issue in a positive way.

When asked who should take the lead in developing a health care reform plan next year, 56% of the voters said members of Congress, and only 18% said the President. Even among Democratic voters, the proportion saying the Congress should take the lead was 45% to 20%.⁴ When asked whether the Federal government or state governments should take the lead in changing the health care system, 54% said the state governments and only 32% said the Federal government (Democratic voters were about evenly divided--46% to 44%).⁵ When asked who is to blame for the failure of health reform, the most recent poll data shows that 30% blame the President, while 33% blame the Congress or the Republicans in Congress.⁶

The lesson is not that the President should stay away from the issue: we can't afford to forfeit it to the Republicans. Instead, he needs

⁴Kaiser.

⁵Kaiser.

⁶POS. The question was loaded to place the blame on the President, but there was a significant increase in the proportion blaming him between September (22%) and November (30%), illustrating the failure of the Democrats to use the issue as effectively as they should have.

to take control of it again.

3. The voters still strongly support the key elements of the President's plan, but they are cynical about government and fearful of a government takeover of the health care system.

Support for the essential elements of the President's plan--universal coverage and cost control--remains high. As noted above, the DLC poll found these two objectives were ranked as very high priorities by voters, especially by Democrats, Independents, and non-voters. When the Kaiser poll asked whether voters were willing to pay more in premiums or taxes to guarantee health insurance coverage for all Americans--a question loaded against universal coverage--51 percent of the voters said they would (including 69 percent of Democratic voters and 43 percent of Republican voters), while only 39 percent said they would not. Interestingly, prohibition of pre-existing conditions, while it has broad support, is not as salient as more fundamental reforms. Only 18 percent of voters choose it as the most important way of improving private insurance.⁷

The scare tactics of the last year, however, have increased concerns about the nature of any plan proposed. Cynicism about government in general also makes it important to clearly explain that any proposal is not a government take-over of the health care system and is not excessively bureaucratic. The proportion of people wanting "radical reform" declined from 45% in January of 1992 to 22% in October, 1994.⁸ A plurality of voters say they favor making modest changes in the health care system compared to enacting a major reform bill (25%), although those who voted Democratic continue to favor major reform (45% to 28%).⁹ When the question is proposed in terms of major reforms versus small reforms, however, 48% favor major reforms over small reforms (29%). Of the 31 percent of voters who said they were less supportive of major reform on election day than six months ago, the top reason cited was, "The

⁷Kaiser.

⁸POS.

⁹Kaiser.

government wouldn't do it right."¹⁰ The top worry cited by voters about what might happen if the Congress takes action on health reform is that "there will be too much government bureaucracy," ahead of reduction in quality or loss of choice.¹¹

4. Contrary to the usual analysis, health care as a discrete issue was an electoral plus for Congressional Democrats--more so than any other issue. The Democrats failure to pass health care, however, may have helped crystallize resentment about "politics as usual in Washington," and the disinformation spread by opponents of the President's plan may have contributed to an image of the Democrats supporting "big government".

This result is especially striking in view of: (1) the tremendous pounding the interest groups and press had given the plan and the President over health care; (2) the relative lack of attention health care received during the election; and (3) the large numbers of voters that had an unfavorable view of the Clinton plan by the end of the debate.¹² What seems to have been going on is that voters who want health care reform--particularly those for whom it is a highly salient issue--continue to identify the Democrats as the party with a commitment to action. These voters who see health care as an important plus for the Democrats are either Democratic base voters, who we will need to mobilize in 1996, or independent swing voters, who we will need to attract. Voters who saw the health reform as a negative for the Democrats, on the other hand, were typically predisposed to vote Republican, anyway, or were more interested in other issues than health reform.

The VNS poll found that voters who said health care was the single most important issue in the election went for the Democrats 60% to 40%. When the broader group of voters who chose health care as one or the two most important issues deciding their vote is considered, Republican voters were as likely to identify health care as one of the two most

¹⁰Kaiser.

¹¹Kaiser.

¹²The POS poll did find indications that the salience of health care increased during the last few weeks of the election.

important issues as Democratic voters.¹³ But among key independent swing voters, those said health care was one of the two most important issues determining their vote overwhelmingly voted Democratic (44% of these voters who chose the Democrats felt health care was a key issue in deciding their vote compared to only 23% choosing the Republicans). President Clinton also had disproportionately high approval ratings among voters who said that health care was the most important issue affecting their vote (56% approval versus 35% disapproval).¹⁴

The indirect impact of health care may have been more negative, because the failure to pass health reform fed the voters' anger about the perceived failure of the Democrats to bring about change and the continuance of "business as usual" in Washington. POS reported that 59% of voters said their vote had to do with "sending a message" to the President and said that, in response to an open-ended follow-up questions, the broad theme that emerged was "get something done," with health care often cited as a failure to get something done (although, crime, the economy, and "stopping business as usual" were more frequently mentioned as the message voters wanted to send). Greenberg's poll for the DLC found, on a forced-choice question, that 56% of independents said they were trying to send a message about being dissatisfied with things in Washington. When given a list of things they might be sending a message about, "politics as usual" was most frequently cited (45%).

5. The DLC poll shows strong ambivalence about the proper role for government. Surprisingly, however, in view of the way the poll has been interpreted, it does not indicate that health care reform harmed the Democrats at the polls, nor does it even demonstrate that it affected voters' views of the President--and the poll shows continued high levels of support for key elements of the President's health plan.

The DLC poll includes a number of questions that seem to position people as "voting to change a government that spends too much and accomplishes too little and to shift public discourse away from big

¹³Kaiser.

¹⁴ POS.

government solutions," in the words of the study's author.¹⁵ On the other hand, there also seems to be strong support for government activism and maintaining or even expanding government's role, as well as responses that suggest that the "big government" issue may not have been important in the voting decision. For example:

— questions asking for endorsement of phrases that the candidate the voter chose in the elections was "against big government," and "for government that will do more for less" ranked only 13th and 14th respectively out of 17 choices. Independents looked more like Democrats on the first question and more like Republicans on the second question.

--When asked which of a pre-selected set of changes were most important for the Federal government (multiple responses allowed), the statement "The government should be made smaller so it will cost less and do less" was the least frequently selected (25%) of seven alternatives. Independents looked slightly more like Democrats than Republicans on this statement.

--57% of voters agreed that it is the responsibility of the government to take care of people who can't take care of themselves--and Independents were far closer to Democrats than Republicans on this issue.

--69 percent of voters (including 69 percent of independents) agreed that "We have important problems that the government must play a bigger role to help solve."

--And when asked what should be the top priorities of the new Congress and President, preserving those flagship programs of big government, New Deal liberalism--Social Security and Medicare--was the most frequently selected option as the single highest choice or top few choices out of 22 possibilities (62% of the total sample, 64 % of the Independents, and 70% of Democrats). Even among the Republicans, it had the third highest priority (51 percent).

There is no question that the public is ambivalent about the role of

¹⁵In my view, the evidence that these attitudes were a significant factor shaping the vote is actually quite weak, but there is no question that the views themselves are held by a large segment of the electorate.

government and cynical about its effectiveness, but these negative attitudes seem to be coupled with a high level of demand for government activism to solve problems and a continued belief in government responsibility to help those who need help and maintain entitlement programs benefitting the middle class.

The most relevant questions for this discussion, however, are not the public's overall attitudes about government but how these attitudes translated into attitudes on health reform, how health reform affected perceptions of the President and the Democrats, and, in turn, how these perceptions affected the vote. In view of the emphasis that the funders of the study have placed on health reform as the linchpin of the 1994 election, it is striking how little evidence there is in the study to support their interpretation. The whole argument is essentially pinned to two connected questions.

These questions actually have no direct connection to voting choices. Instead, the survey asked voters if they have felt disappointed about Bill Clinton since he took office in 1993. But Greenberg points out that in focus groups "independent voters in revolt against politics declined the easy connection with Bill Clinton." And when voters were asked to choose from among phrases that described the candidate that they selected, responses relating to the President received the lowest response of the 17 alternatives. Among those who chose these responses, "supports the President" was actually chosen by more voters (17%) than opposes the President (15%). Among the Independents, the margin was 14% to 12%. This is really quite a remarkable finding in view of the concerted Republican attempt to make the President the issue and the way so many Democratic candidates ran away from him.

Fifty-four percent of those polled said they felt disappointed with Bill Clinton. On this response, there was no unique profile to independents, 55% of who answered affirmatively. Instead, as is typical of questions with a partisan dimension, they fell almost exactly midway between Republicans (73%) and Democrats (35%). Interestingly, the same pattern applies to approval of Clinton's performance as President: 74% of Democrats approved; 52% of independents approved; and only 27% of Republicans approved.

If respondents said they were disappointed with Clinton, they were

then asked to choose from among nine phrases the ones that best reflected their feelings of disappointment (multiple choices were allowed). The second most frequently selected response (49%/first with Independents at 48%) was "Clinton proposed big government solutions, like health care reform." It is an elementary rule of questionnaire construction that only one question should be asked at a time. This question asks both about big government solutions and about health care reform. It is impossible to know whether the respondent is concerned about health care reform or about big government solutions, or even if he accepts the characterization of health care reform as a big government solution. Moreover, given the vagaries of the way people respond to poll questions, some of these people may well have been disappointed that Clinton did not pass health care.

It seems plausible from other survey data that opponents of health care reform were able to make the inaccurate characterization of health reform as a big government take over of the health care system stick with some voters. And it seems reasonable that some of this misunderstanding of the Clinton plan may have impacted negatively on the President's image with at least some voters--but you can't prove it from this question. And, as discussed earlier, all the other evidence in the survey--and three other surveys as well--strongly suggests that health reform as a discrete issue helped the Democrats. The key question now is how the President can best make this issue work as strongly as possible for the Democrats--because it can be one of the most important issues helping us win in 1996.

6. To seize the high ground on the health care issue, the President needs to continue to visibly fight for his principles and to disassociate himself from the unfavorable images that were unfairly attached to his plan. He can best correct his image problems on this issue and position himself for the 1996 election by coupling continued advocacy of universal coverage and cost containment with a specific proposal for a "down payment program that includes the elements Republicans have said they support.

As noted earlier, the key priority should be to get the President re-identified with the health care issue in a positive way. This has both a positive and a negative component. On the positive side, the President must be seen as pro-active and fighting for his principles. On the negative side, the President needs to disassociate himself from the idea that he is

proposing a bureaucratic, big-government take-over of the health care system.

Recommendation:

--The President should reaffirm and keep reaffirming his support for comprehensive reform founded on the principles of universal coverage and cost containment. He needs to be perceived as fighting for what he believes in and as being on the side of working families. As part of continuing advocacy of comprehensive reform, the President can comfortably reaffirm his support for employer mandates (with protection for small businesses) and premium limits, since those remain popular with the public and are a credible way of achieving universal coverage and cost-containment. Moreover, they are positions that are well-suited to reinforcing Clinton's image as a President willing to take on the special interests in defense of the ordinary working American.

--The President does not need to re-introduce or re-develop a comprehensive reform program at this time, since everyone recognizes that the Republican Congress will not enact it, but he does need to put forward a downpayment program that will keep him a leading player on this issue and will hold the Republican's feet to the fire.

--The President should defuse fears about his old program and keep himself in the public eye on this issue by proposing a program for enactment in this Congress that "we can all agree on" as a first step to comprehensive reform--and challenge the Republicans to enact it. The program should include:

- o insurance reform (pre-existing condition limitations, guaranteed issue, guaranteed renewability, modified community rating).

- o subsidies for those who can't afford coverage, with emphasis on working families and coverage for all children.

- o a start on long-term care for seniors.

This approach puts the President on the high ground on the issue. It challenges the Republicans to do what they said they were going to do in their seven-point Senate agenda and in the legislation they introduced last

year. It removes the residual taint of last year's attacks by endorsing essentially the same things Republicans have already proposed. If the Republican fail to act, they will be blamed for gridlock (and their own pollsters are telling them it would be a mistake for them not to pass anything). If the Republicans do pass a plan with any of these elements, the President can claim credit and ask the voters to send him back in 1996 so that he can finish the job.

The Republicans would like the President to stay away from the health care issue, because they know it is still a potential winner for the Democrats. Their pollsters are telling them that their best strategy is to ignore health care this year and focus on issues that they think work best for them: welfare, crime, tax cuts, spending cuts. In 1996, the Republicans would pass a modest, noncontroversial insurance reform to satisfy the public's demand for action. **If the President does not take the initiative on the health care issue--to keep it in the public eye and to identify it with him in a positive way again--he will play into the Republicans' hands.**

7. No Medicare cuts in the budget, except for health reform.

The President should avoid proposing Medicare cuts for any purpose except financing health reform (which must include a seniors' component). The Republican will be proposing huge reductions to try to balance their tax schemes. As the DLC poll shows, defending Medicare and Social Security is immensely popular with the voters--especially Democrats and Independents. The Republican cuts open an enormous opportunity for a "wedge issue" that can help us win an electoral victory in 1996--just as the Republicans lost the Senate in large measure over Social Security cuts in 1986. The Democrats would be foolish to blur this issue by proposing their own Medicare cuts, whether in the form of new cuts or so-called "extenders", for deficit reduction, tax cuts, or any other purpose.

Let the States Do It

How Clinton could outflank the new congressional leadership

BY JOE KLEIN

A LESSON FOR THE NEW ERA? LAST YEAR THE CLINTON administration—rather grudgingly—gave Tennessee permission to experiment with Medicaid, the fiscally explosive health-care program for the poor. Tennessee didn't mess around. It immediately herded all Medicaid recipients into health-maintenance organizations (HMOs). Most had been getting their health care—intermittently, inefficiently and very expensively—from hospital emergency rooms. The theory was, they'd get better care from an HMO at lower cost than in an emergency room. Now, a year isn't enough for a definitive judgment, but the early returns seem...breath-taking, if still controversial. Doctors don't like TennCare much (they wouldn't be thrilled by any system that forced them to treat more poor people). But enough money has been saved to extend coverage to an estimated 400,000 Tennesseans who lacked health insurance before but weren't poor enough to qualify for Medicaid under the old federal rules. "We have upwards of 95 percent covered now and we've stayed within our budget," says David Manning, the state's finance commissioner. Does 95 percent ring a bell? Bill Clinton once said that would be "universal" coverage. Tennessee seems to have reached it simply by reforming Medicaid.

There's the glimmer of a strategy here for Bill Clinton: there may be salvation for him in the states. The governors have been the most creative players in American politics for the past 20 years. They tend to be more moderate, pragmatic, frugal—and less ideological—than legislators (especially those who reside in Washington). The former governor of Arkansas understands this well; he is, one hears, nostalgic for the bipartisan collegiality of the National Governors' Association. He might well consider making an "executive" alliance with his old colleagues now—against the new congressional leadership. Specifically, he could offer the governors as much control as they want over as many federal programs as possible—even more than the federal Republicans are already proposing. He could plausibly argue that he was giving the public what it voted for—a smaller federal bureaucracy—while pursuing a policy course likely to be seen as profoundly moderate in the new American political spectrum.

He could start with welfare reform. Last week the congressional Republicans proposed a very tough new welfare plan that would—among other things—deny assistance to unwed mothers under the age of 18 and to legal immigrants; set a five-year lifetime limit on assistance, and perhaps even make some payments discretionary, rather than automatic. The president could fight the Republican plan—and probably lose in yet another ugly, endless legislative struggle; or, at best, "win" a muddled compromise, while seeming soft in the process (at a moment when public sympathy for welfare mothers is not running at historic highs).

No doubt, the congressional Republicans—especially the severe ideologues among them—would love to see Bill Clinton spend the next year defending the rights of the undeserving poor.

But what if the president outflanked the new GOP leadership by offering the following proposal: the end of *all* federal welfare guidelines? Each state would be free to design its own program. Washington would continue to provide money—though, perhaps, less of it (as the GOP governors themselves suggested) and increasing *only* at the rate of inflation. The federal government could also provide a national system to track down deadbeat dads (the father's name should be required of any mother seeking public support). But that's all. Clinton would be gambling that the governors would create a system

more moderate than anything the GOP ideologues in the Congress might impose. My guess is, they would. Certainly they'd be more cautious about the drastic sorts of conservative social-engineering schemes now being proposed (many of which should be considered, but slowly; carefully).

The elegance of such a strategy—call it Radical Devolution—is that it is at once philosophically conservative and operationally pragmatic, and it would allow the president to regain the political initiative. "If Clinton did that, a lot of us would have to support him," says one prominent conservative. "Even Newt

would be forced to go along within two or three days."

Might Clinton risk it? Some aides think the president is already well along the road, having granted all sorts of "waivers" from federal regulations for state experiments in welfare and other programs during his first two years. (A policy of aggressive "waivering" does sound profoundly Clintonian, somehow.) "The president is an ardent devolutionist," says one adviser. The trouble is, his wife may not be. Certainly, there are more than a few liberal paternalists populating this administration. Their ideological conceit—we know better, we can do it better—has driven the centralization of power in Washington for 60 years. It may have had some validity during the economic emergency of the 1930s and the racial liberation of the 1960s (Southern states did need to be brought into this century)—but no more. The arrogant creakiness of federal policymaking was never more apparent than in the difference between Rodham-MagazinerCare and TennCare.

Ironically, the Republicans seem to have taken the capital at a moment when there's little tolerance for *any* new federal projects, even "conservative" ones: "I don't think a Republican fix of welfare in Washington, D.C., is any better than a Democratic fix," says former education secretary (and Tennessee governor) Lamar Alexander, who has been running the most creative GOP pre-presidential campaign. Alexander is onto something: the political "center" isn't to be found in Washington anymore. It, too, has devolved.



ROBERT MAASS FOR NEWSWEEK

Welfare family: Voters aren't sympathetic

A policy of aggressive 'waivering' does sound profoundly Clintonian